

THE ROUND TABLE

A QUARTERLY REVIEW OF THE POLITICS OF THE
BRITISH COMMONWEALTH

CONTENTS

Lord Milner

Cologne, the Security Pact and the League

President and Senate

Letters from an Englishman Abroad

Introspection in Industry

The Indian Rural Problem

United Kingdom : a Mixed Budget

Ireland : the Political Situation

Canada :

*Current Politics—Canadian Prosperity and the
United States*

Australia :

*Australian Administration in Papua—The Water-
side Disputes—The Second Chamber in Tasmania*

South Africa :

*The Return to the Gold Standard—Diamond Pro-
duction and Marketing—The South West Africa
Mandate*

New Zealand :

*Industrial Unrest—New Zealand and the League
of Nations—The Geneva Protocol—Consultation
and Contribution*

JUNE

MCMXXV

NUMBER 59

Price 5/-



LORD MILNER

"One who never turned his back but marched breast forward."

THE founders and the editors of THE ROUND TABLE mourn in a very special sense the death of Lord Milner. For with him they have lost not only a much-beloved friend, but one whom they have always regarded as their leader. Most of them had the great good fortune to serve under him in South Africa during or after the South African war, and to learn at first-hand from him something of the great ideals which inspired him.

From those days, at the very beginning of this century right up to the present time, through the days of Crown Colony government in the Transvaal and Orange Free State, of the making of the South African constitution, and through all the varied and momentous history of the British Empire in the succeeding fifteen years, they have had the advantage of Lord Milner's counsel and guidance, and they are grateful to think that, though at times he disagreed with them, he never ceased to regard himself as the leader to whom, above everyone else, they looked. It is of melancholy interest to recall that Lord Milner had undertaken to come on May 13, the very day of his death, to a meeting specially to discuss with them South African problems.

When his old subordinates and friends think of Lord Milner, the first feeling which comes to their minds is one of personal affection. Lord Milner had that rare power, possessed too in so high a degree by his great

Lord Milner

opponent and ultimately his friend, Louis Botha, of inspiring all who knew him with deep affection and absolute confidence. In both men it arose from some fundamental quality of simplicity and truth, something which inevitably evoked and retained the sympathies of those who worked with them. In Lord Milner it was combined not only with a powerful and brilliant intellect, but with much reserve and with a certain outward austerity of manner and look which misled many who never broke through it. Some sadness of mind was perhaps natural to him, or perhaps it was impressed upon him by the fiery trials through which he passed. His portraits and photographs often depict a gloomy, and sometimes almost a grim countenance. But they are very misleading guides to his character. Those who knew him realised that behind all his reserve, even shyness, there was a natural gift for friendship. They will always bear in their memory the delightful smile, which transformed his face, and which was the true reflex of a profound and genuine humour and warmth of character. If the present writer were asked to name the three men who, of all those he had met in his life, possessed the greatest charm of character, he would answer, "Lord Milner, General Botha and Dr. Jameson," all strangely enough the foremost actors in the great South African drama.

Combined with these qualities, Lord Milner possessed an unshakable nerve and a resolution of steel. When he had once made up his mind, when he once believed his course was right, nothing could move him. He was a lion-hearted man. But he was far from having set or rigid opinions. He was always open to new suggestions and ideas. One of the pleasant experiences of a young man serving under him was to find how readily he listened to any opinions one might have to offer. This readiness to accept suggestions was the more striking, because he was by nature extremely sensitive to opposition and criticism, and his readiness to face both in the most violent

Lord Milner

degree was a proof of his courage. He was absolutely without "side" or pomposity, always perfectly natural. He never forgot a friend ; if anything, he was almost too loyal to anyone who had ever worked for him. He could not be anything but straight ; cunning or "slimness," or any deviousness of course was simply impossible to him. He often complained that he could not fit his political opinions into the mould of any party. If he had on reflection arrived at a certain opinion, he could not disguise it or modify it, whatever the consequences. His whole life —at any rate after he went to South Africa—was animated by an ardent belief in the destiny and the civilising influence of the British Empire. It was to this cause he devoted all his energies. He could not understand and he despised those who confused his lofty patriotism with jingoism or a silly desire to paint the map red. Yet his views on foreign and Imperial policy were no more strongly held than was his determination to assist those whom he thought weak or down-trodden, whether it were the Kaffir in South Africa or the working man at home. In social policy indeed he felt in many ways a sympathy with the Labour party, as his written works testify.

Lord Milner's great qualities fitted him to be a great administrator, a great servant of the Crown, a man on whom the nation could rely to the end when courage, nerve and self-sacrifice were required. But they did not fit him to be a democratic party politician. He had not one single art of the demagogue. He was not pliable ; he was never self-seeking ; he would never turn to the right or the left ; he could merely speak the truth that was in him. It is necessary for our modern civilisation that it should find some use for such men, but it will not unfortunately be in party politics.

Yet, Lord Milner was fortunate in his life. His consuming ideal was to devote his talents and energies to the service of the British Commonwealth of Nations, and he profoundly believed that to maintain and strengthen

Lord Milner

it was the best means of securing and adding to the liberty, happiness and progress of mankind.

This ideal he had nobly fulfilled in practice, and the stamp of his work will remain indelible upon our history.

Those who worked with him and for him and who could claim his friendship will keep the memory of a man of lofty intellect, of noble and simple mind, animated by an enthusiasm for great causes, incapable of a mean or selfish thought, and guided in all his actions by truth, honour and duty.

COLOGNE, THE SECURITY PACT AND THE LEAGUE

IN the last month or two a very considerable change has come over the European situation. On the one side, the Geneva Protocol has been unreservedly rejected by all the nations of the British Commonwealth, to the evident relief of Italy and certain other Powers, and the Herriot Government in France has been replaced by the three-headed administration of M. Painlevé, M. Briand and M. Caillaux. On the other side, there has been the re-emergence of Germany as a positive force in European politics, symbolised by the initiative of the German Foreign Office in proposing the four Power pact about the Franco-German frontier and by the election of Field-Marshal von Hindenburg as President of the German Republic.

These changes are bound to have far-reaching effects upon European politics. Not only will they make necessary a reconsideration of those problems connected with security, disarmament and the Rhineland, which have long been under discussion, but they bring to the very forefront the fundamental problem of to-day—the place which Germany is to occupy in the future economy of Europe.

Cologne, the Security Pact and the League

I. THE FUNDAMENTAL EUROPEAN PROBLEM

NOT the least of the disservices rendered to Germany and to Europe by the Hohenzollern régime was the destruction of political initiative in the German people, which its highly organised despotism entailed. Strong as it was and gigantic as were the efforts necessary to destroy it, when it collapsed under defeat in the field it left utter confusion behind it. Germany threw up no democratic leader like Gambetta or Clemenceau, such as France threw up after 1870, to galvanise and lead her people. She had no long proved constitutional traditions to guide her, save the discredited claim of authority to control. She entered upon a period of weakness which enabled the Allies to deal with the affairs of Europe almost as if she did not exist.

This state of affairs, inevitable with Germany in defeat and revolution and the victorious Allies still dominated by the passions of the war, was fundamentally unhealthy. Not only in 1919, but for five years afterwards, dictation and ultimatums have been one of the main elements of European diplomacy. The tragic climax was the occupation of the Ruhr. Obviously, no final settlement of the European problem was possible on these lines.

Fortunately, this era seems to have come to an end. The beginning of the end was the July conference in London last year, which the German representatives attended on equal terms with the other Powers, and the undertaking by France to evacuate the Ruhr by August next. These events have now been followed by the two events mentioned above, the frontier proposals of the German Foreign Office, and the election of Field-Marshal von Hindenburg as President of the Republic. Opinions differ as to the real significance of that election. Some people say that it was the natural desire of the German

The Fundamental European Problem

people to put at the head of their State the one figure, who had come through the war with an undimmed personal reputation, and who had not been soiled by the intrigues of post-war politics. Others say that it implies a definite turning towards monarchism and reaction. Others, again, point to the cross voting caused by the fact that Herr Marx was a Roman Catholic supported by socialists, and that President von Hindenburg was a Protestant supported by anti-socialists. We need not try to determine the exact explanation. Whatever else it was, it was also a gesture of independence and self-confidence on the part of a people which is beginning to find its feet again after suffering the evils of defeat, revolution, the occupation of the Ruhr and inflation, in the short period of six years.

And this commencement of the recovery of Germany is the really important thing in Europe to-day. It is bound to raise the most tremendous difficulties. But it is essentially healthy. Obviously, there can be no stability in Europe on the basis that Germany or any other Power shall remain prostrate on her back. If Europe is to be stable and at peace, Germany must have that place in her counsels to which she is entitled by her position and her past. The fundamental problem in Europe to-day is how those gradual readjustments are to be made which will restore Germany to that position of freedom and equality in Europe, which is her natural right, without imperilling the security of her neighbours or that new Europe based upon nationality, democracy and the League, which came into being in 1918.

Just because the victory of the Allies was so complete and the collapse of Germany also so complete, we do not realise how artificial is the present political structure of Europe. It rests to-day upon the absolute military preponderance of the Allies and the absolute military dependence of Germany. France, Czecho-Slovakia and Poland have between them nearly 1,000,000 men equipped with all the latest implements of war. Germany, under

Cologne, the Security Pact and the League

the Treaty, is strictly limited to 100,000 men, with no modern heavy equipment at all. That system was obviously necessary immediately after the war. It may be necessary to maintain it for some time longer, until Europe has settled down more completely than she has to-day. But it cannot be permanent. It is manifestly impossible to keep Germany for ever disarmed while her neighbours remain armed to the teeth. It was never so intended by the Treaty of Versailles. Though that Treaty provides that the German army shall never exceed 100,000 men the covering letter states in the most explicit manner that it is the intention of the Allies themselves to reduce their own armaments also.

The Allied and Associated Powers wish to make it clear that their requirements in regard to German armaments were not made solely with the object of rendering it impossible for Germany to resume her policy of military aggression. They are also the first steps towards that general reduction and limitation of armaments which they seek to bring about as one of the most fruitful preventives of war, and which it will be one of the first duties of the League of Nations to promote.

Moreover, it is only a question of time till the present military encirclement of Germany is broken by the recovery of Russia—an event which would put the Eastern end of the cordon out of gear.

Most of the present tension in Europe, the emphasis on security, the demand for the Protocol, the difficulty about Cologne, and so on, is due to a conscious or subconscious realisation that the basis upon which Europe is now stabilised cannot last, and that the problem of finding an alternative is becoming urgent, because Germany has manifestly begun to recover from the prostration of defeat, and because the evacuation of the Rhineland is due to begin this year and to be completed by 1935.

Has Germany Changed ?

II. HAS GERMANY CHANGED ?

THIS issue of equality, however, is inseparably bound up with another issue, has Germany learnt the lesson of the war ? Has she become a true democracy to-day ? Has she accepted the Europe of democracy, nationality and freedom that came into being in 1918 ? If she has, the transition to equality will be practicable and comparatively easy. If she has not, it will be a very different matter. Yet, how is the world to judge ? Outward forms count for little. Who can tell whether democracy or militarist reaction is going to prevail in Germany ? Nobody knows—least of all, perhaps, the Germans themselves. The German people, despite their great achievements in the sphere of music, literature, philosophy and industry, have been singularly backward in politics. Largely because of their geographical position, no doubt, they have always left politics to authority, to kings or kaisers, or to super-men like Bismarck. The occasional democratic movements, like those of 1809 and 1848, have never borne permanent fruit.

Democracy is fundamentally a plant of slow growth. It flowered in England in 1640, to disappear under Cromwell and Charles II., to reappear in a modified form in 1688, and it did not become a reality until the middle of the nineteenth century. France, despite the revolution of 1789, did not finally become a republic until 1870. Italy, notwithstanding the great start she was given by Mazzini, Garibaldi and Cavour, has temporarily reverted to Fascist absolutism under the stress and strain of the war. There is certain to be a great internal battle between the progressive and reactionary forces in Germany before the issue is decided. Germany became a republic not by the spontaneous and free initiative of her people, but as the result of the overthrow of Hohenzollern militarism by the Allies.

Cologne, the Security Pact and the League

Her transformation into a true democracy, in which the question of the form of government will be as much out of politics as it is in France, Britain or America, will be a question of time, attended by the same ups and downs, the same successes and set-backs, as in other lands. The election of Hindenburg is undoubtedly a success for reaction, but in itself it is probably not very important. It is only the first round in a struggle that may take many years.

Moreover, the problem is not wholly one for Germany herself. Every unwarrantable interference with Germany by the Allies, every act that can reasonably be regarded as unjust, is a help to the reactionaries and a hindrance to the liberals. Thus the occupation of the Ruhr, while it may have convinced the industrialists of the necessity of doing their best to pay reparations, undoubtedly helped to throw public opinion towards the nationalist side. One of the greatest difficulties in the way of the democratic forces in Germany is that while the old régime is associated with defeat in the war, the republic has been associated with a series of humiliations since the war. No doubt, the German reading of the motives of the Allies in creating the Polish corridor and the Saar administration, and of the League of Nations' decision in the case of Upper Silesia, is one sided. German public opinion, almost isolated from any normal interchange of political ideas with the West since 1914, naturally fails to appreciate the Allied point of view. None the less, the fact remains that Allied action, since the war, as interpreted in Germany, has had the effect of disillusioning the German people about the power in the world of the ideals proclaimed in President Wilson's speeches, and of making them, as the figures of the Hindenburg election show, much more doubtful of the virtues of democracy and liberalism than they were in 1919.

A Vicious Circle

III. A VICIOUS CIRCLE

BUT if there is a difficulty from the side of Germany, there is no less a difficulty from the side of the Allies. If the Allied nations could be certain about the way Germany is going, all would be well. They could find the means of fitting her into her legitimate place in the Europe of 1918. But they are not certain. France, Poland, Czechoslovakia and other Powers are obsessed with the question of what Germany is going to do when she recovers. For they know that if she reverts to reaction their position will be desperate. If a powerful and reactionary Germany of 70,000,000 people—immeasurably the greatest Power in Europe—chose to ally herself with Russia to redraw the map of Eastern Europe, or to incorporate Austria in the Reich and so upset the whole balance of South-Eastern Europe and restart the *Drang nach Osten*, who is going to prevent her? And so their natural tendency is to say, "Let us keep Germany down until we are certain that she has reformed." They keep up their armies to concert pitch, they maintain their military pre-ponderance unimpaired, and they insist upon the literal fulfilment by Germany of every detail of the Treaty of Versailles which can keep her weak or in chains. Yet, as we have seen, that attitude, and still more the acts to which it leads, must inevitably have the effect of driving Germany more and more into the nationalist and militarist camp. There is the vicious circle which is the greatest peril to European unity and peace.

At the Peace Conference the probability of this situation was foreseen. The Big Three tried to deal with it by means of the Anglo-American Treaty of Guarantee to France. That treaty provided that if Germany were guilty of unprovoked aggression against France, the United States and Great Britain would come immediately to her assist-

Cologne, the Security Pact and the League
ance, and this guarantee was to last until the Council of the League considered that the League itself was an adequate substitute. The whole idea of the Treaty of Guarantee was that by relieving France of her legitimate fears of what a recuperated Germany might do, and by making it clear to Germany that if she reverted to the militarism of the Hohenzollerns she would find the same combination against her as she found in 1918, it would be possible to induce France to allow Germany to recover her freedom and her power and at the same time convince Germany that her future lay in association with the liberal and democratic Powers of the West and not in schemes of dominion and revenge.

Unfortunately, when the United States rejected the League of Nations it rejected the Treaty of Guarantee as well, and with it the British guarantee also fell to the ground. With the foundations of her security, as she thought, thus destroyed, France turned to create an alternative. She found it in the treaties and arrangements between herself, Czechoslovakia and Poland, whereby the three Powers encircle Germany and maintain a total strength, based upon the Rhine bridgeheads, which makes it impossible for Germany to attack or resist them militarily with any chance of success.

The position is well represented by the old story of the man who had got the wolf by the ears. France certainly does not want to stay in the Rhineland for its own sake, nor does she want to be under the liability of having to march into the Ruhr if ever Germany makes a move. France, a nation with a stationary population and plenty of territory overseas, unquestionably wants peace. But she is afraid of letting go of the bridgeheads and the Rhineland, or of diminishing in the least the security which the military preponderance of herself and her allies gives her, lest Germany, who has invaded and ravished her territory twice in fifty years, and whose word, remembering the falsification of the Ems telegram by Bismarck before the

The Cologne Question

war of 1870, and the invasion of neutralised Belgium in 1914, she does not trust in the least, should arise once more and attack her. On the other hand, if that system is perpetuated, if Germany comes to believe that it is the policy of the Allies to keep her permanently in bondage, by the occupation of the Rhineland or otherwise, there is no doubt that sooner or later the German people will listen to the counsels of the extreme nationalists, and, by secret preparation for war and association with Russia, will make plans to recover their territory and freedom by force.

IV. THE COLOGNE QUESTION

THOUGH there is no question of solving the vast problem of the future of Europe in the immediate future, it is only possible to understand the bearings and implications of the questions which do directly face the British Commonwealth in the light of these larger issues. The first of these questions is the evacuation of Cologne. Under the Treaty of Versailles it is provided (Article 429) that at the end of five years from ratification the northernmost of the three bridgeheads occupied by the Allies, namely, Cologne, is to be evacuated by the Allied troops, provided that Germany has fulfilled her Treaty obligations. It is not to be reoccupied by German troops, for the whole Rhineland, including an area fifty kilometres to the east of the Rhine, is to be demilitarised. It is to be evacuated and control restored to the German civil authorities and police.

That evacuation was due to take place on January 10, 1925. But for various reasons, mainly because the inter-Allied Military Commission, which was appointed to investigate whether Germany had fulfilled her disarmament obligations under the Treaty, had not reported, partly because the French do not evacuate the Ruhr until August

Cologne, the Security Pact and the League

and withdrawal from Cologne is difficult before that evacuation is finished, the withdrawal has not yet taken place. Nor has the report of the Commission on German disarmament, which will state what Germany has still to do to comply with the Treaty, though it has already been presented to the Allied Governments, yet been published.

The importance of the Cologne question lies in this. On the German side it has come to be regarded as the test of Allied good faith. Hitherto the Treaty of Versailles has operated to the detriment of Germany. It has been rigidly enforced. The Treaty is now beginning to operate in favour of Germany. Is it now to be as rigidly respected? German public opinion is profoundly sceptical as to whether France ever means to release her hold on the Rhineland. If the Cologne bridgehead is evacuated this year it will be proof that, at the end of the fifteen years, they are going to recover full possession of their country. If the Cologne bridgehead is not evacuated this year it will be taken by the mass of the German people as proof that the Allies do not mean to return the Rhineland to German control, as provided in the Treaty, and that the nationalists are right who tell them to prepare for war as the only means of recovering their independence.

On the French side, the evacuation of Cologne is regarded as the first step towards the demolition of that rampart against another German invasion on which France now relies. The Cologne bridgehead in itself is not vital, for the Mainz and Coblenz bridgeheads are said to be militarily more important. But it is the beginning of a process which cannot fail to arouse alarm in France unless either she can be convinced that Germany has abandoned her old ambitions, or some alternative security has been provided. M. Herriot, though a leader of the Left, went so far as to hint, in a speech made some three months ago, that France had only undertaken to evacuate the Rhineland on the strength of the Anglo-American Treaty of Guarantee and that she could not be expected to fulfil her under-

The Cologne Question

taking unless some equivalent to that guarantee was given her.

The question of the guarantee is discussed in the next section. But we are convinced that the strict execution of the provisions of the Treaty of Versailles relating to Cologne is vital to European reconstruction and peace. As between Germany and the Allies, no conditions were made. The Treaty provides without any qualification that if Germany has fulfilled her obligations, the bridgehead is to be evacuated. As soon as she has carried out any justifiable and reasonable demands which may be made upon her as the result of the inter-Allied Military Mission's enquiries, Cologne ought to be evacuated. And even though the French Government, which is improbable, were to threaten to reoccupy Cologne if the British army goes out, the British Government ought to live up to its obligations without any reserve (unless, of course, the German Government of its own initiative asks it to remain).

We take this view partly because fidelity to treaties is the very foundation of confidence and peace between the nations of the world, and partly because to fail to do so would be to strike a very serious blow at the hopes of those elements in Germany which stand for liberalism and democracy and reconciliation, and so help to bring about the triumph of militarism and reaction, which, if it occurred, would destroy all hopes of European concord and peace. In the long run, all hopes of a new and better Europe depend upon Germany being won for democracy and the ideals upon which the New Europe must rest. Democracy in Germany will not be promoted by weakness on the side of the Allies. Nor will it be promoted by violence or repression. The best way of helping Germany to become a loyal part of the Europe of 1918 is to treat her with scrupulous justice and fair play.

Cologne, the Security Pact and the League

V. THE PACT OF GUARANTEE

THE second practical problem which confronts us is the extremely difficult one of the proposed guarantee pact. It contains several elements. In the first place, there is the renewed request from France for some equivalent to the Anglo-American Treaty of Guarantee, now defunct. As we saw, the guarantee was originally offered because France demanded that if Great Britain and the United States required her to give up that military frontier on the Rhine which she thought necessary for her own security, they should show their confidence in Germany by giving France a guarantee against unprovoked German aggression. The guarantee was offered by the British Government again at the time of the Cannes Conference, as part of an all-round European settlement, but it was rejected by M. Millerand and M. Poincaré who preferred the method of the invasion of the Ruhr and the military encirclement of Germany. In our view, the rejection of the treaty by the United States liberates Great Britain from any legal obligation to re-sign a treaty of guarantee, and the rejection of the Cannes proposal in favour of independent action by M. Poincaré relieves her of any moral obligation to do so. We have perfectly free hands. But the inherent difficulties which produced both the proposed Anglo-American treaty and the Cannes proposal remain. There is still the problem of finding a European system which will give freedom to Germany without imperilling the fundamental basis of the settlement of 1919.

The second element in the problem is the purely British element. Long and bitter experience has proved to Great Britain the vital importance to herself of the existing political boundaries in the territory behind the Channel ports. Belgium and the Low Countries were the battle-fields of Marlborough. The closing of the Scheldt and

The Pact of Guarantee

the occupation of Belgium was the issue on which Great Britain broke with revolutionary France. The stabilisation of the Europe of the nineteenth century was only effected when the neutrality of Belgium was recognised in 1839 by France, Prussia, Austria and Great Britain. It was over the invasion of Belgium that Great Britain broke with Germany in 1914, and experience in that war only confirmed the wisdom of the traditional axiom that it was vital to British security that Germany should not capture Calais or Boulogne.

In the past few months a great deal has appeared in the Press about the new strategic danger which faces Great Britain owing to the developments of aeroplanes, long range guns, etc. And the conclusion has been reached that the strategic frontier for the protection of Great Britain to-day is no longer the Channel, nor the Scheldt, nor even Belgium, but the Rhine. We cannot compete with military, naval or air experts in regard to these matters. The aeroplane has certainly made a great difference. We are inclined to think, however, that the case, as it has appeared in the Press, has been exaggerated and that the time-honoured sea bulwarks of Britain are still of more account than some people would have us believe. But there is no doubt that the fundamentals of the eighteenth and nineteenth centuries are still true. The security of Great Britain requires the British Commonwealth to take a special interest in that corner of Europe which is occupied by Belgium and Holland and the Channel coast. It must obviously remain a cardinal element of British policy to make it clear to the world that Great Britain can no more permit a forcible alteration of the situation in that area than she has been able to permit it in earlier periods of her history.

If political rumour be true, these considerations, the need of reassuring France if any progress was to be made towards reconciliation with Germany and the reconstruction of Europe, and the strategic arguments just outlined, led

Cologne, the Security Pact and the League

Mr. Austen Chamberlain to contemplate offering once more to renew the pact with France. Again, if rumour be true, the Cabinet disliked the idea on the ground that such a pact, if signed to-day, would only serve to divide Europe into two hostile and warring camps, and declared themselves in favour of what Mr. Chamberlain, in his speech at Geneva rejecting the Protocol, described as "arrangements—purely defensive in character—whose objects were the knitting together of the nations . . . whose differences might lead to a renewal of strife by means of treaties framed with the sole object of maintaining, as between themselves, an unbroken peace."

We think that the view attributed to the Cabinet is absolutely sound. While it is a vital British interest that Germany should not alter the existing Franco-Belgian frontiers in her own favour, and while every reaffirmation of international solidarity behind the ideals for which the Allies fought in the great war, which can convince France that her security does not depend upon her being able to keep Germany in permanent bondage by force, is of value, the vital thing is that the solution of the security problem should be one which will command the support and signature of Germany as well as of the other Powers. That is the only road to European unity and peace.

It was at this moment that Dr. Stresemann, the German Foreign Minister, made his proposals for a four Power pact between France, Germany, Belgium and Great Britain, for the permanent stabilisation of the existing Franco-German frontiers. The exact text of the proposals has not been published. But their substance is clear. Germany has declared that she does not contemplate ever attempting any forcible revision of those frontiers and proposes that their finality should be recognised in a four Power treaty, which she will sign voluntarily as an addition to the obligations she assumed under *force majeure* when she signed the Treaty of Versailles.

The fact that such a voluntary declaration should have

The Pact of Guarantee

been made at all is of immense importance. If it can be converted into something more permanent it will be a great contribution to European reconciliation and peace. But there are certain difficulties in the way. The first is that any reaffirmation by Germany of the sanctity of her Western frontiers is regarded in diplomatic quarters as involving an automatic weakening of the value of her signature as regards her Eastern frontiers. Poland instantly arose in alarm and protested that she would never tolerate any revision of those frontiers to her own detriment. We need not pause to discuss the merits of the Polish corridor and the Upper Silesia questions. There is a great deal to be said on both sides, and to-day there is clearly an irreconcilable conflict of view on the subject between Poland and Germany. The German Government frankly admitted that they did not intend to accept the Polish frontiers as final, but offered to meet the difficulty by signing a treaty with Poland whereby all questions between them should be settled by arbitration or conciliation, and to make a declaration that Germany would not attempt to alter them by force. This, however, did not by any means settle the difficulty, for it is generally recognised that the whole of the Eastern European frontiers are shifting sand, liable to be reopened by events in Russia, in the Baltic States, in Poland herself, at almost any time, and Germany made it clear that when events did reopen these questions she reserved a free hand to herself to deal with the situation as she chose. What mattered to Poland and to France was the attitude which Germany was going to take when, not German initiative, but the initiative of events, brought these Eastern questions to the front.

However, the difficulty of the German proposal goes deeper than the Polish problem. The guarantee of the finality of the Franco-German frontiers does not really solve the real Franco-German problem. In modern times, wars do not arise over frontiers, though they may be an ingredient in a war situation. The last war did not

Cologne, the Security Pact and the League originate over Alsace-Lorraine, or the frontiers of Belgium, or the German-Russian frontiers, or any such matters. It sprang from the repression of democracy and nationality in the Central Empires and from the conflict between the political ideals and aspirations of Imperial Germany and those of the Western Powers. A new agreement about the Franco-German frontiers may be, in fact almost certainly is, a good thing, a step tending to ease the tension between France and Germany, and towards the stabilisation of Central and Western Europe. But it does not, and cannot, solve the fundamental problem discussed at the beginning of this article. It does not free Germany nor determine what the permanent political structure of Europe is to be. Nor, if a crisis were to break out in the Balkans, along the Russian frontier, or over Austria, would it prevent war breaking out between Germany and France over the vital question of the European balance of power, and so leading on to a general war.

The future of the German proposal, therefore, is uncertain. It is all the more uncertain because, since it was made, M. Briand has come into power, and his first act was to remind the world of Articles 42-44 of the Treaty of Versailles, which carry the signature not only of France and Germany, but of Great Britain and all the Dominions. These Articles provide for the perpetual demilitarisation of the Rhineland and a zone fifty kilometres to the east of the Rhine, and declare that if Germany violates this zone it will be regarded as a hostile act by the signatory Powers. The exact nature of the obligations we have assumed under these clauses is not clear. But it is certain that the present policy of M. Briand is directed to incorporating these Articles in any new pact which may be signed, for so long as they are in force they give France what she chiefly seeks, a practical guarantee against another invasion of her soil. The German Government has declared its willingness to embody the demilitarisation clauses of the Treaty of Versailles in its proposed four Power frontier pact.

The Pact of Guarantee

We do not propose to offer any final opinion on these negotiations. They are too involved, too complicated, for dogmatic treatment. Nor are all the elements yet clear. But there are certain leading ideas which we think are unanswerable, and which should govern the attitude of the representatives of the nations of the British Commonwealth.

The first is that if any commitment is entered into or treaty signed, it should be strictly limited in scope. It should not make Great Britain part and parcel of the general political structure of Europe. It should be limited to what is necessary to the security and peace of Great Britain herself. We have always been opposed to the idea that it is necessary for Great Britain to guarantee European peace and stability on the ground that the nations of Europe are unable to find a method of living at peace among themselves. The only possible basis for European stability is that its peoples should learn to live together in reasonable unity and peace, and not the least of Great Britain's contributions to that stability is that she should steadfastly refuse to undertake the responsibility for keeping the peace for them. But Great Britain has a direct interest in the corner of Europe which has been discussed. It is an important element in the stabilisation of Europe that Great Britain's attitude thereto should be clearly stated and clearly understood. And if the peace of Europe can be helped by Great Britain entering into a public pact in which her interest in the Belgian and French frontiers is recognised, we think that she ought to be willing to sign such a pact. But such a treaty should not oblige her to intervene in any other European problems except such as relate to the frontiers of this region.

The second is that whatever commitment or treaty is entered into, Germany should be a consenting party thereto, and that it should come within the four walls of the Covenant of the League of Nations. It would be

Cologne, the Security Pact and the League fatal to enter into any combination which was, or seemed to be, directed against the German Republic. The primary object of British policy must be to win Germany to form part of the democratic and liberal group of world Powers, a loyal member of the League of Nations. If Germany can be won for democracy and the ideals of the League, there will be a new Europe, and there is no road to peace and unity in Europe save that it should be so won.

VI. GERMANY AND THE LEAGUE

THE third practical problem which confronts us is the entry of Germany into the League of Nations. That is manifestly essential to any real progress towards European peace. To-day, Germany and the Allies are living in two different worlds. Each looks at the events of the last ten years from its own standpoint, with little real understanding of the point of view and aspirations of the other. If Germany is ever to become a true democracy, if Europe itself is to be firmly established on the three ideas which triumphed in the great war—national freedom, democracy and unity—its affairs must be regularly discussed round a table by all its peoples meeting on equal terms.

Germany raises some difficulties in the way of joining the League. She does not like the obligations which Article 16 of the Covenant would impose upon her, because of her central position. While she has no wish to make common cause with Russia, she hesitates to separate herself in any way from the country which is her companion in adversity and isolation, and Russia is vehemently against her joining the League. She does not want to commit herself to all that the Covenant and the League imply, and so weaken her chance of upsetting the Treaty of Versailles with the help of Russia, until she is assured that she will get fair treatment in the League.

The Imperial Equation

But the advantages, even from the purely German point of view, of Germany entering the League and becoming a member of the Council are immense. It makes her once more a part of the European polity. It gives her an effective voice on all those matters—the Saar, Danzig, demilitarisation, disarmament—with which the League has to deal, as well as in every question or dispute which comes up for settlement. The League is probably the greatest single agency available for breaking down the prejudices and ignorance which now divide the two camps, and for bringing about a sane solution of those larger problems affecting the future of Europe which were discussed earlier in this article. Though the two questions are separate, if Cologne is evacuated in August, Germany ought to join the League in September.

VII. THE IMPERIAL EQUATION

THERE is one final point. If further discussion proves that the security of Great Britain and the peace of Europe require that Great Britain should enter into some limited commitment about the Franco-German-Belgian frontiers, what ought the attitude of the other nations of the Commonwealth to be? Is it a necessary condition that they also should countersign such an engagement, as Australia and New Zealand signed the Anglo-American Treaty of Guarantee? Or should Great Britain sign and leave the difficult and dangerous question of whether the Dominions will accept the practical obligations to which it may lead to be determined if and when a crisis arises?

This is obviously a question which can only be answered by each Dominion Parliament for itself. But there are certain considerations which are worth raising. There is a great distinction between the general European problem and that part of it which relates to the security of Great

Cologne, the Security Pact and the League

Britain, still the heart of the Empire. It seems to us that just as Great Britain, by virtue of her membership of the British Commonwealth, is under a tacit obligation to ensure the national security of Australia or South Africa, and so on, so the Dominions, by virtue of their membership, are under an equivalent obligation to ensure the national security of Great Britain. They can remain detached from any direct participation in a great part of that medley of European problems with which Great Britain has constantly to deal by virtue of her geographical position, just as Great Britain remains detached from any direct participation in those special American-Canadian or South African-Portuguese problems which also originate in geographical contiguity. But in those matters which affect the security of any nation which is a member of the Commonwealth, or the interests of the Commonwealth as a whole, the Dominions and Great Britain are all equally concerned.

Whether it is wise or practicable that treaties, such as may emerge out of the present negotiations, should necessarily be signed by all parts of the Empire before they can become effective, or whether such counter-signature should be made optional, as was the case with the Anglo-American Treaty of Guarantee, is a very debatable question. All that it seems necessary to emphasise now is that there are two separate, though interrelated questions involved in the discussions which are now proceeding in Europe. One is the general European problem, the other is security for Great Britain, and the interest of the Empire in the two is necessarily somewhat different.

The Empire and the League

VIII. THE EMPIRE AND THE LEAGUE

THERE remains the problem of the relations between the nations of the British Commonwealth and the League of Nations. THE ROUND TABLE has been a consistent supporter of the League of Nations. It is convinced that the League of Nations' ideal is the only road towards international unity and peace. The Secretariat is a new and most valuable contribution to the machinery of international intercourse. Organised diplomacy by conference is a tremendous step forward in international dealing. Unless the nations of the world can get into the habit of settling the problems of the world together and of exhausting every form of pacific procedure for the settlement of international disputes before they take the law into their own hands, there is no hope of avoiding another world war.

But there is an aspect of the League's constitution about which we are very doubtful—the clauses which provide for compulsory sanctions. These sanctions clauses have never been brought into effect yet. On the two occasions when they might have been invoked—Vilna and Corfu—everybody conspired to push them into the background. Yet, these clauses were undoubtedly the principal feature in keeping the United States out of the League. And if they are pressed they will almost certainly have the effect of making other nations withdraw from the League.

In the last issue of this review an article was published* pointing out how formidable were the obligations technically assumed under Articles 10 and 16 of the Covenant, and how it was manifestly not the intention of any member of the League to live up to the undertaking automatically

* THE ROUND TABLE, No. 58, March 1925, p. 220.

Cologne, the Security Pact and the League

to go to war in Eastern Europe, in Central Asia or South America, whenever any nation in those parts went to war in violation of the Covenant. And the conclusion was reached that not only was it dishonest and dangerous in itself, but bad for that confidence and trust on which healthy international relations must ultimately rest, for the nations of the Commonwealth, or indeed any other nation, to create the impression that they intended to live up to the automatic obligation to take sanctions, when in fact they did not. It was, therefore, suggested that they ought, at the next meeting of the Assembly, to make a declaration that "they do not intend to be bound by any obligations to use sanctions, or to defend frontiers, of an automatic or legal kind, and that any sanctions which they do take in conjunction with the League and under the Covenant will be based upon their own free judgment of the merits of the dispute and in the light of the circumstances of the time."

Since the publication of this article further investigation has been made as to the exact meaning attached to Articles 10 and 16, and to certain interpretative resolutions adopted by the Assembly, by authorities on League affairs. The position is very obscure. It is alleged that Article 10 does not involve an automatic and compulsory obligation to take warlike action "to preserve as against external aggression the territorial integrity and existing independence of all members of the League," because no specific "sanctions" are prescribed and the Council is only called upon to "advise upon the means by which this obligation shall be fulfilled." At the Assembly of 1923, too, on Canadian initiative, a resolution was passed by 29 votes for, 1 against, and with 22 abstentions, in the following terms:—

It is in conformity with the spirit of Article 10 that, in the event of the Council considering it to be its duty to recommend the application of military measures in consequence of an aggression or danger or threat of aggression, the Council shall be bound to take account, more particularly, of the geographical situation and of the special conditions of each State.

The Empire and the League

It is for the constitutional authorities of each Member to decide, in reference to the obligation of preserving the independence and the integrity of the territory of Members, in what degree the Member is bound to assure the execution of this obligation by employment of its military forces.

The recommendation made by the Council shall be regarded as being of the highest importance, and shall be taken into consideration by all the Members of the League with the desire to execute their engagements in good faith.

It is not at all clear what the exact significance of this resolution is.

It is the same with Article 16, the "sanctions" Article. It requires all Members to sever "all trade and financial relations" with any nation which resorts to war in disregard of its covenants, to prohibit "all intercourse between their nationals and the nationals of the Covenant breaking State," and to prevent "all financial, commercial or personal intercourse" between the nationals of such State and the nationals "of any other State, whether a Member of the League or not." It is now agreed that these obligations can only be fulfilled after a declaration of a state of war. The Article also prescribes that "it shall be the duty of the Council in such case to recommend to the several Governments concerned what military, naval or air force the Members of the League shall severally contribute to the armed forces to be used to protect the Covenants of the League."

The 1921 Assembly was evidently somewhat scared when it came to consider what Article 16 really involved. It therefore passed a number of amendments watering it down, of which the following are the most important.

It is for the Council to give an opinion whether or not a breach of the Covenant has taken place. . . . The Council will notify to all Members of the League the date which it recommends for the application of the economic pressure under this Article. Nevertheless, the Council may, in the case of particular Members, postpone the coming into force of any of these measures for a specified period where it is satisfied that such a postponement will facilitate

Cologne, the Security Pact and the League

the attainment of the object of the measures referred to in the preceding paragraph, or that it is necessary in order to minimise the loss and inconvenience which will be caused to such Members.

These amendments, however, are not yet in operation, because they have not been ratified by the necessary majority specified under Article 26. But in the case of both Article 10 and Article 16, experts say that it is understood that Members will be within their rights in interpreting them in the sense of the resolution of 1923, and of the still unratified amendments thereto passed by the Assembly in 1921.

These various interpretations, resolutions and amendments certainly cast a somewhat different light upon the nature of the obligations which Articles 10 and 16 place upon the Members of the League than a plain reading of the original text would imply. What the true interpretation is, however, is very doubtful. We do not propose to enter upon a discussion of what lawyers would determine to be the exact liability of the Members to-day. For the view of *THE ROUND TABLE* is clear. It is convinced that the whole idea of automatic or compulsory "sanctions" is wrong and the principal danger to the healthy development of the League, and that the nations of the British Commonwealth ought to make it clear at the next Assembly that, so far as they are concerned, the only interpretation they consider themselves bound by is one consistent with the declaration proposed above.

This does not mean that we wish to rule out force as not being necessary to the defence of international right. On the contrary, we are convinced that unless the peace-loving nations of the world are prepared to make sacrifices and use "sanctions" in defence of their ideals, war and the triumph of wrong are certain until they are so prepared. What it is convinced is that the decision as to how and when "sanctions" should be employed cannot be automatic or compulsory, but must be left to the discretion of the Members when the various crises arise. To attempt to make

The Empire and the League

"sanctions" automatic or compulsory is not only to assume an obligation which no democratic nation can assume, but to make every serious international dispute a matter of force and not of reason almost from the start.

The true idea of the League is surely very simple. The Members undertake to settle world disputes in conference together and not in isolation. They undertake to give a certain period, nine months, in which to allow the special pacific machinery of the League to try to settle the dispute peacefully, before they take the solution of the matter into their own hands. They agree that any nation which tries to take the law into its own hands during the period becomes an outlaw, against whom they have the right to take any action they think wise. But they must leave the question of how they should deal with the outlaw nation to be decided at the time, save that they undertake to deal with it as far as possible collectively and in association with the League. To try to make membership of the League go beyond these obligations is, we are convinced, to destroy the League itself.

It is all the more important to emphasise these considerations, because an attempt will clearly be made next September to furbish up the Protocol in a new form. We think that the whole mode of approach to the problem of peace made by the Protocol was fundamentally unsound. That document was the product of two things: on the one side, of the desire of the Continental Allies to get a guarantee of their security and frontiers from the British Empire; and, on the other, of the belief of the pacifists that they can abolish war by signing treaties against it. We are convinced that there is no road to peace by the method of compulsory arbitration and the assumption of new obligations to make universal war.

We do not believe that there is any road to permanent peace in Europe save by long and patient collaboration between all its peoples in dealing with the real problems which confront them, a collaboration which will gradually

Cologne, the Security Pact and the League
break down the extravagant nationalism and dissolve the war and other historic hatreds, which now separate them. The Council and Assembly of the League of Nations, not compulsory arbitration and intensified sanctions, are the means towards that end, and the proof that the League is accomplishing its work will be found in no new Protocol, in no new and magic formulas, but in the figures of armaments of the European Powers. When armaments have been reduced all round, and especially when there is less disparity between the figures for Germany and her neighbours, then it will be time for considering whether some further step towards European unity and consolidation can be taken. Till then the League of Nations is all the mechanism that can usefully be employed.

If the advocates of the Protocol advance to the attack again, the answer is surely clear. The first is that the first step towards the stability of Europe is not a new guarantee from Great Britain, for that cannot be forthcoming, but the entry of Germany into the League and the discussion of the whole European problem with the ex-enemy Powers. Until that happens a Protocol is simply a combination against Germany under a more polite name, a creator not of peace but of war. The second answer is that it is hopeless, as was attempted last time, to separate the question of peace from the question of armaments. The Washington Conference was successful precisely because it grappled with armaments. The League in 1924 failed precisely because it did not. This does not mean that THE ROUND TABLE believes that it will be possible to solve the European armament problem in the near future. We do not believe that the solution is yet in sight. Naval disarmament has to precede physical disarmament. But so long as the League recognises that armaments are the real difficulty, the real test, so long will it have its feet on the ground and save itself from damaging its reputation for sanity and wisdom by being led off on a wild goose chase in the clouds, as it was last year.

PRESIDENT AND SENATE

THE spring season is well advanced in Washington, and the city drifts on toward four summer months when life will become almost unlivable under the grilling rays of the sun. They are hot as they beat down, and doubly hot as they are reflected back from the white pavements and rise in visible waves like molten glass up from the streets and off the marble buildings. The members of Congress will be out of it all. The President plans to take a long summer's holiday on the coast of Massachusetts. Gentlemen of the Cabinet will scatter to the four breezes. But thousands of clerks will watch the clock, dawdle over sticky papers, drink ice-water in alarming quantities, and loiter about any open window for a breath of air. Washington itself has very little "news value" between June and September.

Congress adjourned late in March and will not meet again until December. Meanwhile, says the Press, the President will "study some of the problems of his administration." For one thing, he will have before him figures relating to the possibility of tax reduction, and arguments from Mr. Mellon's office intended to show why the expected cut should favor the higher rather than the lower "brackets of taxpayer. But he will also have before him either evidence or a memory that the Senate is not greatly interested in the plight of the rich taxpayer, whereas it is very much concerned about reduction for you and for me. The President will meditate on the question of American participation

President and Senate

in the World Court, and the best way to bring it about. He himself has never wavered in his support, and Mr. Kellogg in his first speech as Secretary of State recently reiterated the policy of the Administration. In his meditations, however, Mr. Coolidge will derive small cheer from the formal consent of the Senate to take up the question on December 17, and no cheer at all from their attitude up to date.

Tariff revision is on the agenda, together with a program for the consolidation of the railroads, and a proposal to reduce the rate of interest on funds loaned by the Government to the railroads in time of war. These questions, when they come to the front, cannot fail to provoke an outburst of sectional hostility, which will be luridly reflected in the Senate chamber.

There is, indeed, only one major matter in which the President will have a free hand. Full power has been given him to negotiate toward a second disarmament conference. Yet the chance of actually convening the conference seems more remote than ever, now that Hindenburg's victory has struck fresh terror into the heart of France. And even if an invitation were to be accepted by the other four principal Powers, the scope of their deliberations could not be wide. Land armaments, it is authoritatively said, are ruled out. The inclusion of airplanes and submarines would be vetoed by one Power or another. So that the achievements of the conference would be far from spectacular, and of little help to the President in advancing his prestige at home. There can be no doubt that Mr. Coolidge is moved by considerations of national economy and international amity to go ahead; but these motives are a bit intangible. They could scarcely be expected to weigh heavily with him in view of the fact that his political position, and the place of the Presidency under the scheme of the Constitution, are both at stake in the fight with the Senate in which he is now embroiled.

President and Senate

I

IN the election of last November, Coolidge swept the country. The Democrats were driven out of the West and North-East into the Solid South: the Progressive party under La Follette's leadership was reduced to insignificance. The popular poll gave the President some seven million votes over John W. Davis, his nearest rival, and the House of Representatives "went Republican" by a handsome majority. The new Senate was found to be composed of 55 Republicans, 40 Democrats, and one lone member of the Farmer-Labor group. On the basis of figures one might reasonably have predicted smooth sailing for the Chief Executive, now "holding office in his own right."

He was inaugurated on March 4. He called his new Senate into special session to entertain a matter of special business. Yet before the month had run out, he had come to grips with them, he had made a public challenge to their authority, and he had suffered a stinging defeat. Here, in brief, is the story. For sixty years it had been the practice of the Senate to confirm without question such men as successive Presidents might appoint to Cabinet offices. Mr. Coolidge asked the Senate so to confirm his appointment of Mr. Charles B. Warren as Attorney-General. They refused by a tie vote. He sent Mr. Warren's name up to them again, announcing to the Press his emphatic "hopes that the unbroken practice of three generations of permitting the President to choose his own Cabinet will not now be changed, and that the opposition to Mr. Warren, upon further consideration, will be withdrawn in order that the country may have the benefit of his excellent qualities and the President may be unhampered in choosing his own methods of executing the laws."

The Eastern Republican papers rallied to Mr. Coolidge's support. The issue is "drawn more clearly than ever,"

President and Senate

said the *Herald Tribune*. "Never was a President in a better position to wage successful war against mud-gunning, half-breed bushwacking, and the stuff-shirted arrogance of of a class-conscious Senate"; this from the *Public Ledger* of Philadelphia, yclept Philadelphia as being the City of Brotherly Love. And from Manchester, Vermont, the President's own State, came a fine bit of truculence: "Before the country is done with this Warren incident, it is to become unforgettably acquainted with the real CALVIN COOLIDGE, and that means with the true type of New England courageous leadership."

Piqued by the challenge in the President's statement, and aroused by his threat to offer Mr. Warren a recess appointment in case confirmation should not be forthcoming, the Senate rejected him for a second time by a vote of 46 to 39. Certainly the country at large expected Mr. Coolidge to "see it through." But he did nothing of the sort. His bold front crumbled; the recess appointment failed to materialize; and on the following morning it was announced from the White House that the Attorney-General's post had been offered to one John Garibaldi Sargent of Vermont. He was confirmed without a murmur. *Parturient montes* And there ended the first lesson, administered by the schoolmaster of Presidents.

II

SOME people tried to minimize the importance of this affair. They claimed that the constitutional issue had been obscured by the fact that Mr. Warren's business connections with the Sugar Trust really disqualifed him from being the chief prosecuting officer of the United States Government. Others, ignoring the issue, felt that the President's tactics had been poor, and that he had been wretchedly advised. Others attributed the defeat merely to the fact that "Coolidge's luck" forsook him, when,

President and Senate

on the first ballot, Vice-President Dawes failed to reach the Senate Chamber in time to assume the chair and to cast a deciding vote in Mr. Warren's favor. But there was a far less charitable view. "The one thing certain at present," said the editor of the *New York Times*,

is that Mr. Coolidge, having set out to maintain the authority of the Presidency, has distinctly weakened it. . . . Doubtless the President will take every pains and bend every effort to recover from the damaging blow which he has received. . . . But the fact cannot be concealed—it ought not to be concealed from him—that he has sorely disappointed his best friends.

The period for explanation and exasperation is now over, and it might be useful to ask what this hot flurry really meant and means. First, and from the constitutional standpoint, the Senate maintained its right to pass upon the fitness of any one nominated by the President for Cabinet office. The issue, instead of being obscured by Mr. Warren's record, was bound up in it! The President claimed that his record didn't disqualify Mr. Warren: the Senate claimed that it did. And the Senate won. The right, moreover, was asserted and established after a lapse of sixty years. As for the use that will be made of it, Senator Borah, speaking against confirmation and thereby against his party, said: "Only upon the most substantial grounds and the most controlling reasons should we oppose the nominee of the President." Perhaps this will prove to be the practical limit of the exercise of the Senate's power, but the power itself remains intact.

Secondly, one may look at the incident as bearing upon the relations between the President and the Senate, so far as getting on with the business of government is concerned. Apparently the seven million majority of last November has not intimidated the gentlemen "on the Hill." Nor were they moved to abdicate their veto power when Senator Butler appealed to them with familiar banalities: "Calvin Coolidge was elected President by

President and Senate

an overwhelming majority of all the people of the country. That means an expression of confidence in his judgment, honesty and integrity. I predict," concluded the Senator, "that Charles B. Warren will enforce all the laws. Otherwise he would not have been appointed by President Coolidge." Well, the Senate wasn't very much impressed by *that*.

It is now clear that in any issue, the President cannot definitely count upon a loyal majority to follow his beck and call. Eleven nominal Republicans slipped out from under his hand to vote against him, and there is no reason why they should not do so again. Moreover, in addition to these eleven from Western States, and of the progressive type, there are other disaffected souls within the Republican "majority." During the whole Warren affair, none of the Old Guard lifted up a voice in the President's behalf. He had to fight his battle on the floor of the Senate through new untried men, like Bingham of Connecticut, Goff of West Virginia, Butler and Gillett of Massachusetts, Pepper of Pennsylvania. The experienced party leaders kept their seats, and may have taken cynical delight in seeing the younger generation outpointed at every turn, in argument and in strategy, by the wise old wolves of the Opposition—Walsh of Montana, Reed of Missouri, and Heflin of Alabama, with that *enfant terrible* of the Republican household, Borah, to back them up.

In the third place, Mr. Warren's defeat has a bearing upon the conduct of our foreign affairs. When Ambassador Kellogg was brought from London to Washington to succeed Charles E. Hughes, rumor said that he was to hold the post on a short tenancy only, and that he had been put into office to keep it occupied until Mr. Warren might enter it by way of the Attorney-Generalship. In January this was a very thin rumor: but it took on flesh in March during the Warren dispute, when the President recommended his candidate to certain Republican Senators on the ground of his familiarity with Far Eastern

President and Senate

and Mexican matters. He would be able to supplement Mr. Kellogg's experience and knowledge of the European field. If the rumor was true, then Mr. Coolidge's plans have gone agley, and he must either keep his present Secretary of State or look about elsewhere. Mr. Kellogg has hardly had a fair chance to prove his abilities ; but he will have to stretch to reach even to the shoulder of his predecessor. Mr. Warren held out greater promise of distinguished work in the realm of foreign affairs ; but, thanks to the Senate's action, there will probably be no opportunity to measure his stature.

III

MANY factors led up to this imbroglio, and though some of them can be set down, it is impossible to give an opinion on their relative influence upon the issue. Lawyers, who are skilled in these distinctions, can decide which were contributory, and which were proximate causes. Warren was most assuredly a poor candidate for the office of Attorney-General. He was vulnerable on his record if the Senate wished to attack him. And apparently they chose to attack just him ; for they advanced Harlan Stone to the Supreme Court, and Jardine of Kansas to be Secretary of Agriculture, immediately before Charles B. Warren came up. His record was one factor.

Then, too, there was the apathy of the "Old Guard" of the Republican party in the Senate, who showed no zeal for pulling the President's chestnuts out of the fire. Doubtless they still resented the cavalier treatment he gave them last June at the party convention, and were still annoyed that he designated Senator Butler of Massachusetts, a novice, to be his spokesman before the Chamber, on this as on other matters. At the other end of the spectrum was the Western Progressive group, Republican by title, who had been publicly debarred from

President and Senate

the counsels of the party, in the flush of the November victory for conservatism.

Nearest and bitterest to their hearts, however, was the memory of Vice-President Dawes, on March fourth, taking his seat as President of the Senate, and treating them all like so many bad boys. In a speech that has no parallel in American history, and with a manner that makes no friends, he excoriated them for their laziness in legislation and for their inefficient rules of procedure. And when he had finished erupting, he administered oaths of office to them in a flock, as if they were sheep, and adjourned the session with a gesture of impatience. Whatever unprintable things the country may think about the Senate, the Senate never neglects to think well of itself—and it therefore harbored a few unprintable designs upon Mr. Dawes and upon Mr. Dawes' chief.

Arrange these causes in whatever order of importance you like. The important thing is that there is another deadlock between the President and the Senate, as there always has been whether the President be Coolidge, Harding, Wilson or Roosevelt, and however the Senate may change in composition every two years. The only difference to be discovered lies in the particular issue they happen to be deadlocked over. Now a treaty affords a singularly good occasion for the intermingling of horns. So perhaps the foreign reader, impatient with our poor facilities for treaty-making, is entitled to be told just why we are unable to work ourselves out of this ungraceful posture. The explanation is to be found in a Constitution which divides the powers of government neatly between the Executive, the Legislature, and the Judiciary; and it is to be found more precisely in the methods by which the President and the Senate, respectively, are elected. Our governmental invalidism is due, not to a series of accidents, but to an organic cause.

The President is put into office by vote of an "electoral college." The members of this body are chosen by popular

President and Senate

vote, each State being, for this purpose, a unit in itself. But the relative strength of the various States in the "college" depends upon their relative voting populations: thus, out of a total of 531 "electors," New York provides 45, Pennsylvania 38, Illinois 29, Ohio 24, and Massachusetts 18. It follows that a minority of States can elect a President, and the populous East is always the crux of the fight. Under a Democratic regime, therefore, the President is likely to represent the interests of this powerful East, with an occasional concession to the South and West. In a Republican administration, he emphatically represents the East, with a sop here and there to the West, and nothing at all to the South. The same principles apply to the complexion of the House of Representatives, and one may expect to find them on the President's side in any major dispute, unless the President has become unpopular, and an intervening Congressional election has changed the color of the House, as a reflection of his unpopularity.

It is different, however, with the Senate. There each State, regardless of its size, has two votes. Nevada, with its 77,000, has a power equal to that of New York with its 10,000,000. The Senate, therefore, is the obvious place for Nevada to make its influence felt, rather than in the House. For in the House it can muster only one vote as against forty-three from New York. Thus the Senate has become the "stamping-ground" for the Western and Southern States. There these sections of the country can contest the domination of the East and can oppose the efforts of the President and the House with some chance of success. There the Southern group can block legislation which tends to put the control of their affairs—relations with the Negro, regulation of child-labor—into the hands of the Federal Government, and thus under the power of the North and East. There the Western group, unable to get its just dues elsewhere in the way of favorable agricultural legislation, can at least defeat the particular tax-reduction proposals of the industrial minded Mr.

President and Senate

Mellon and can throw the tax-returns of private citizens open for the world and his wife to pry into and gloat over.

For some years past, the balance of power in the Senate has been held by the West, and by the agricultural States of that section. The eleven Republicans who forsook Coolidge in the Warren crisis were from Nebraska, Iowa, Michigan, Idaho, North Dakota, South Dakota, Minnesota, Wisconsin, and California. They have not the power to construct, these rebels, but they have the power to destroy. And in this spirit they and their successors will carry on, impeding legislation, holding up treaties, embarrassing the President, and "rocking the boat" of government until the population of the West approximates that of the East, and thereby brings about more adequate representation for them in the House, and in the selection of Presidents. Or until, under the aegis of the Democratic party, on the basis of some formula which the wits of man have not yet been able to devise, there shall be an entente between the West and South against the East. Or until the President and the Lower House place the interests of the whole nation above those of the industrialized Atlantic section, and think in terms of national rather than Eastern welfare.

IV

IS there anything that the President can do, in these circumstances, to make his majority of seven million effective *vis-à-vis* the Senate? He can, of course, vent his spleen on the eleven who left his leadership. He can deprive them all of their patronage—unlovely tie that binds the hearts of Senators to their President, and the hearts of their constituencies to Senators. He can try in this way to undermine them among their political "friends." There will be no election, however, until 1928, and in that year only two out of the eleven will be forced by the

President and Senate

expiration of their terms to seek re-election at the polls. One of the two, Senator Ladd, has already been cut off from this "birthright" of a politician; and the other, Senator Norbeck, is reported to have a firm hold on the affections of his State, patronage or no patronage. The rest of the handful of upstarts are safe in their seats until 1930. The thunderbolts of Jove would have to be long indeed to reach them. And it goes without saying that if the President should adopt drastic disciplinary measures, he would put a prompt end to any possibility of co-operation between the left wing of the Senate and himself.

Coolidge's one great strength is the measure of popular confidence which he enjoys. He has neither the admiration of the people, nor their affection; but they do trust him. They are certain, at the present stage of his unique career, to take his side of any important controversial question. The *New York Times* to the contrary notwithstanding, the writer does not believe that this prestige was impaired by one iota as a result of the Warren episode. For as popular support of the President is undiscriminating, so is popular disgust with the Senate; and Senatorial opposition to his Cabinet choice has probably improved rather than hurt his position. The President can use this strength if he likes; indeed, there were signs soon after Mr. Warren's rejection that he intended to do so. And since then, on two occasions, Dawes has openly attacked the Senate, in Boston and in New York, for its outworn rules of procedure, and for its failure to provide a parliamentary means of bringing its own endless debates to a conclusion. He has urged his audiences to exert all the pressure they can to change a system which allows "a minority or even one Senator to block the purpose of a majority to legislate." Mr. Dawes himself can figure up the chance of success along this line of attack. If a majority of seven million voters last November didn't succeed in impressing the Senate, how many telegrams, letters of protest, and signed petitions concerning the obscure closure rule will it take to do it?

President and Senate

On the other hand, the President might conceivably try to make peace with his outlaws, and make honorable amends for his hasty action last January in debarring them from the counsels of the party. Coolidge being Coolidge, it is hard to imagine him doing just that. It is hard, moreover, to see just what success might follow upon his overtures. The eleven cannot be brought back into the Republican fold for good and all by the arts of gentle persuasion alone ; and if the President were to promise substantial concessions to their sectional interests, he might expect to see more than one member of the right wing of his party rise and take leave. In order to win back the West he must buy back the West in their own coin—and his Eastern supporters hold the purse strings. Industry is taking what it can, and yielding up nothing to agriculture.

These different courses of action have been suggested to the President by his friends. The writer dares to hazard a guess that he will not follow any one of them : that there will be no further attacks upon the Western group ; no further deprivations of patronage ; that Vice-President Dawes will either stop his tirades against the Senate at once, or continue them at the peril of Coolidge's displeasure ; that the President, up to a point, will make an honest effort to meet the needs of the Western agricultural situation. People and Senators alike will be allowed to forget the Warren incident as quickly as they can ; and the President will meet the "troublers of Israel" in December with a fixed determination to bring the wings of his party into harmony with each other and with himself. This procedure seems to provide the only chance of finding that *modus vivendi* which the President *must* find, if he hopes to get on with government.

News from the White House during the past month serves to support these predictions. Either no news at all—or else matters so trivial or so fantastically out of line with the important realities that they smack suspiciously

President and Senate

of the red herring. On Easter Day, and for almost a week thereafter, we were treated to an elevating controversy over the cost of the President's new spring suit. On April 11 (save the mark!) Mr. Coolidge shook hands with 980 visitors, fifty-seven to the minute. On April 16 (save it again !) he swept his own "world's record" off the boards, and disposed of 1,040 handshakers, at the phenomenal rate of sixty-five to the minute. Presently he gave the newspaper group a long story of his boyhood days, of his visits to his grandfather, of his fishing experiences, and what not. By April 18 he was addressing the Women's World Fair, by radio, on the business of home management. Two days later he favored the Daughters of the American Revolution with an exposition of the new immigration law. And the month lumbered to its close weighted by a dull dissertation on traffic congestion in great cities. Any-one who knows the President's methods knows that he is trying to make Washington so uninteresting that the Capitol and its woes will be forgotten for a good long space of time.

After all, there is nothing like taking adequate precautions to ensure yourself a quiet holiday on the Massachusetts coast.

V

INTEREST in foreign affairs has flagged with the rest. The American fleet has completed its "attack" on the Hawaiian Islands, but there seems to be no excitement about the result, and very little concern about the impression created in Japan by the demonstration. President Coolidge has handed down his decision in the Tacna-Arica dispute—an important event in Pan-American relations. Perhaps one person in ten thousand knows what the dispute was about and what the award was.

There is no perturbation over the revolution in Bul-

President and Senate

garia—"one of those Balkan States at it again." The French war in Northern Africa is reported with some fullness, but editorial comment is academic and unreal. Hindenburg's victory in Germany caused a momentary ripple, but the West didn't care much about it one way or the other, and the East was speedily stroked into complacence by the comforting "reactions" of a dozen New York magnates. Mr. Mellon likewise said that it would probably make for stability. "And if Mr. Mellon says so, it probably will."

There was, however, a genuine and general expression of admiration following Mr. Churchill's statement on the British budget, and the restoration of sterling exchange to par. People in the United States have known in a rough sort of way that British unemployment figures were high, that the American debt was a hard burden to bear, that the condition of industry was low, that the rate of taxation was heavy, and that the standards of living in Great Britain had suffered. Mr. Churchill's announcement gave fresh meaning to these stray bits of information. Doubtless the nation which has "muddled through" again will be content with that. "Muddling through" is its own reward: but there is plenty of wholesome respect on this side of the Atlantic for the achievement, just the same.

During the Harding and Coolidge administrations the American Government has acted on two principles in the matter of European affairs: first, that the so-called "politics" of Europe (territorial arrangements, land armaments, continental disputes, the League of Nations) were not of concern to the United States; second, that this country might, however, help toward the solution of economic problems abroad, in the hope that the hands of European statesmen might thereby be set free to compose their political situation. The return of the pound sterling to par cannot help symbolizing, in the minds of people three thousand miles away, the return of England and the Continent to relatively stable economic conditions. The

President and Senate

immediate interest of the United States, therefore, may be expected to wane, and it is a fair assumption that Ambassador Houghton's recent speech in London was intended to prepare the minds of his hearers for just that contingency. The first stage, he suggested, is over ; the second stage is a road towards political stability which Europe must travel alone.

Meanwhile, on our own Continent, another three thousand miles across, we have troubles of our own : the problem of the black man and the white man, the Christian and the Jew, the Protestant and the Catholic—on a gigantic scale ; the problem of the Pacific Ocean ; the problem of our national experiment in prohibition and our still uncertain experiment in democracy ; the problem of embittered Christians “ hating each other for the love of God ” and fighting one another over a clause in the Nicene Creed ; the problem of a Government at odds within itself, and of a people restless, without anchor, and forever in motion ; the problem of what to do with prosperity when you have it.

Our chief concerns in the United States are these, and must be these. But some of our bankers will keep in touch with some of your bankers as stability increases in Europe, and will float an issue of stock with you, now and then, for a *Gesellschaft mit beschränkter Handlung*, about to develop hydro-electric power in the Austrian Tyrol.

United States of America.

May 5, 1925.

LETTERS FROM AN ENGLISHMAN ABROAD

The European problem to-day is in the main psychological. These letters give the prevailing atmosphere, as the writer saw it, in Germany and also in Paris and at Geneva.—EDITOR.

GENEVA,

March 6, 1925.

MY DEAR N—,

Here are a few impressions from the Rhine, for what they are worth.

You warned me about atmosphere. And Geneva's is not, I know, the only one. All I have so far seen of it is a dream city on a glassy lake, the mountains hidden and the outlook clouds of fantastic shape. The atmosphere I have just left is perhaps the strongest thing in the world. In D—'s company in Baden, of course, I saw it at its best. But human influences are not the only ones. The great plain round Cologne would, I suppose, without the Rhine be as uninteresting as any landscape in the world, but I happened to find it singing under the first breath of spring, and I found myself singing too. I could not believe that the French and the Germans will never bury the hatchet.

Cologne outwardly was much what I remember it two years ago: the same square-headed crowds interspersed with "Tommies" and an occasional *poilu*. But there was a difference, and one that may go far. I noticed an alertness which was not there in 1922. Things are

Letters from an Englishman Abroad

improving. You can see it by the cars in the streets, even by the playthings of the children. The theatres were always crowded, but the Cologne Opera House had, I thought, an unusually respectable look as I glanced last Monday over rows of shaven scalps and braided locks, relieved here and there by our officers' red mess jackets. These last might have been the uniform of the Kaiser in pre-war days, so little notice was taken of them. Even the French seem part of the ordinary background. Travelling through the Rhineland, one sees them everywhere, their sky-blue blending naturally with the red of the plough and the brown of the vineyards. At one place we looked from the train right into the breaches—a new angle for some of my travelling companions—of a battery of seventy-fives, open for practice. At another, we passed a row of "heavies," and again later, a squadron of cavalry jingling down the riverside road. At the station exits a light blue soldier stood by a German ticket collector. If you motor through certain zones, a black corporal with a cigarette in his face still, I am told, asks to see your *laissez-passer*. But this experience you miss in the train. It was hard to realise that there are two different worlds that don't overlap.

But there are signs all the same. I watched one of those pairs at a station entrance for ten minutes. Pretty girls passed by, but never as much as a wink or a smile was exchanged. During the Ruhr crisis the "Meistersingers" was on at Cologne. It is bad form there to clap much during a performance. You may remember a rather sententious speech in which the Burgermeister remarks that German art could never flourish under a foreign yoke. The house rose and cheered as one man. To us, English, it was just the spontaneous response of a musical people to some *tour de force* which our less sensitive ears had missed, and in our innocence we joined in. Then we understood!

There are voices, too, though perhaps the signs are safer. I travelled from Ostend with an Austrian who was

Letters from an Englishman Abroad

going to break his journey with a son at Cologne. He looked upon the rentenmark as doomed in time to follow the mark, and he would not invest in the German loan. He admitted its economic soundness, but he distrusted the political outlook. Why? "In Austria," to give his own words, "we know," he said, "we are now a small nation. We have accepted our new position. But the Germans will never accept theirs. You may not see it because they conceal their feelings. It is not that they are wicked. Patriotism is a virtue." French mistrust he considered justified. He thought the German Republic likely to last, but only in form. The kings would not get back because there was no real demand for them outside Bavaria, and Bavaria cannot expect to be the only monarchy in the Reich. As for Cologne, everyone would swear that they wanted us out, but he believed that they were really quite content, and they understand our reasons for staying.

At Cologne people seemed to think that the French and Germans would never come together. The Germans looked down on the French. The French! Well, you know the sort of ways in which they get on the nerves of the Teuton. There was a change, I was told, in the attitude of the townspeople to-day. They were more self-assertive. This, however, was not because we were staying on, but because they were getting back to normal. A compatriot I met on my journey had less liking for the Germans than five years ago, but he respected them "as a dogged race with many of our own qualities." He doubted if our own people would have stood what we found here in 1918. If this attitude is typical of our officers, it is not unnatural. National angularities are always more pronounced among the well-to-do, and they are billeted on wealthy merchants. Our men mix with a different class, in which human interests count for more than pride. Hence the more cordial feeling described in my earlier letters. But I don't want to waste time over relations at Cologne. Personally, I found everywhere the same courtesy. But I also found a profound

Letters from an Englishman Abroad

pessimism about the French. It is not, as I understand it, a lust for revenge so much as a feeling of hopelessness, almost of fatalism. The wife of a *petit bourgeois* who was once at school in France said to me: "It is hopeless. When we speak to them they look at us so coldly." The unforgivable sin was, she felt, imputed to her countrymen. The last German I spoke to yesterday at Bâle thought things had now gone too far to avoid a future war. He had no ill-feeling towards England.

In Baden I saw several friends. Our policy, a professor told me, was looked upon as tortuous. People believed we had deliberately set the French and Germans by the ears, and after denouncing the Ruhr policy they saw us coolly pocket part of the booty. We got our share of blame, too, for the Saar. But there was no bitterness against us. "You can't," he said, "hate two people at the same time." There is even gratitude for the Clive Report and our attitude towards separatist schemes. The hatred felt for us immediately after the war melted before the accounts returning prisoners gave of their treatment in England. We still have prestige, and if our diplomacy is looked upon as Machiavellian, it is admired as clever. People don't for the moment worry much about Cologne: but all agree that it will be a completely different story if we remain there after August.

What, you may ask, about democracy? Two years ago I found discouragement as a result of French policy. Since then Germany has been in the depths. To-day democracy is once more in better heart. The Dawes scheme and Poincaré's collapse gave it a fillip. There are more reactionaries than there were, but the monarchists are divided, for Royalist Bavaria is Catholic and Royalist Prussia Protestant. The Centre party still goes with democracy and the *Reichsbanner* numbers three million members, though the "Right" extremists are armed and they are not, and the *Reichswehr* is also, they say, a reactionary body. Then came the damper of Herriot's

Letters from an Englishman Abroad

speech. Lastly, Ebert is dead. I never knew for how much he counted, and a great deal will turn on his successor, though who that is to be no one has the least idea. But the most serious thing is the teachers. They are not all the same. One professor in Baden nearly lost his chair for writing that the Bismarck era was a curse for Germany. But I was told that over seventy per cent. of the university professors, nearly ninety per cent. of the *Gymnasium* teachers, and in the north most of the primary school teachers are reactionary. How far teachers influence their pupils' politics I cannot say. I don't remember any ever affecting my own, but American experience shows that school-books count. My friend did not worry about the mothers, as German women have, he said, no politics. That may be, but they, at all events, have sentiment.

If there is pessimism, there were plenty of suggestions. I have in my pocket a scheme for the evacuation of the Rhineland and its conversion into an autonomous State within the Reich, to be demilitarised under League supervision. The author considers that the sympathy for France in 1919 proved that Germans are ready to forget the past. His scheme would weaken Prussia, but that seemed to him all to the good. Our English attitude he had no use for. It did us honour, he said, as "gentlemen," to believe that people could be brought together in a better atmosphere, but Eastern Europe and some German extremists only think of self-aggrandisement. Another panacea was the co-operation of the Anglo-Saxon world, to which Germany's might later on be added. My mind went back to the other Chamberlain's triple alliance scheme in the late 'nineties, the sequel to which set the Paris *gamins* singing :

*Von Bülow
Met de l'eau
Dans le vin
De Chamberlain.*

Letters from an Englishman Abroad

Europe, however, my friend considered more likely to develop as a separate group. The key to the present situation was, in his opinion, the franc. Its future depended on New York and London, and it was up to us he said, to use our hold to bring about a *modus vivendi*.

I now come to D—, to whose view I attach especial importance, not only because he knows his countrymen, but also because I know him.

First, as regards democracy, people are, he tells me, tired of the corruption it let in, and of the confusion which 26 parties cause and Proportional Representation makes worse. Events have also strengthened Nationalism. But in spite of this and of the dearth of leaders, the Republic is really taking root and self-confidence has increased. Physically, too, there is more backbone. The weakly war children who seemed unlikely ever to grow up strong, are to-day exceptionally fine men and women. The youth movement is, he says, as strong as ever, and it takes many directions. The boy scouts have an aristocratic colour, but all classes are represented in it. The pacifism I found in 1921 is less in evidence. Young people occasionally say that even war must not be shirked if the cause justifies it. An Oxford boy I know was pulled up by a girl for the way he spoke of the horrors of war, and he only recovered her esteem by assuring her that he would be the first to volunteer if the need arose. But such objects of the Baden youth as I heard of were peaceful. Social service is one of them, another touch with other peoples. There was a meeting at Freiburg a little time ago which a number of young Frenchmen attended. Religion plays an important part in the movement. People are less disposed to take everything lying down, but that is a different thing to militarism. A certain irritability usually comes with returning health. This new-found energy might, it seemed to me, take an anti-democratic direction. D— tells me, however, that democracy is actually stronger for it. No one would

Letters from an Englishman Abroad

now think of going back to the *Pumpernickel* system. We cannot realise in England how society was demoralised by those petty courts. Spengler's world Kaiser has been forgotten except by a few Junkers, but the idea of a new Christianity has taken firmer hold, and I am told that even the younger Socialists are religious. Some time before the war an interest sprang up in the spiritual side of Russian life. The vogue for the Russian novelists lent it force, and there were hopes that the Christian ideal, choked by the distractions of our Western life, might have survived in its primitive purity on the Steppes. The movement was, on one side, a reaction against the materialism which to-day gives as exaggerated an importance to this life as the Middle Ages gave to the next world. I remember something of the sort in India and Ireland. Prussia, of course, counts for most politically, and D—— cannot speak for it, but Southern Germany has contributed the lion's share on the spiritual side, and it cannot be ignored.

We then came to the question of how to get Europe into the way of peace. D—— thinks that isolation is no longer possible, and that we must take more risks. At the moment, opinion in Germany is still malleable, but it would be dangerous to let things drift. Once people despair of peace, it is obvious that they will turn to other ways. D—— knows that our democracy would not brook an automatic system. It would no doubt have to fight if the Channel ports were threatened again, but it would be another thing to ask it to defend Germany under a tripartite arrangement. D—— thinks, however, that stability could be restored without our undertaking any such rigid obligations. He is hopeful about the proposed Anglo-Franco-German guarantee. A Franco-British pact, or even a unilateral declaration to Paris would, he was sure, furnish the very handle the German militarists want. It would discourage the moderates, who would see in it a sign that forces are once more lining up, and that

Letters from an Englishman Abroad

Germany must do the same. Secret military conventions would certainly be suspected. Such a guarantee would also, he thought, stiffen French policy. Germans have no wish to make common cause with Russia. They feel that they belong to the West, but if forced to look round for friends, that is, in D—'s view, where they will turn. Russia has worked with Germany before. He is confident, however, that the will for peace is strong, and he smiled when I told him what my Austrian said. Nor does he despair of a reconciliation between France and Germany. He is sure, however, that some arrangement that will allow war psychology to die down is essential, though if we will not take on the part of "honest broker," he does not see how it can be compassed.

I must, however, now clear my mind of German cob-webs, to free it for the impressions of the League which we have come here to get. The switch-over is difficult. Fresh from the Rhineland, I feel as if I were leaving stark reality for something unsubstantial, if you like, a dream.

Yours ever.

BADEN,

March 14, 1925.

MY DEAR N—,

It is like a *douche écossaise*, Geneva after Germany, then Germany again from Geneva, a complete contrast bath. We came here yesterday, and D— is at this moment hunting the town for a tame Junker for H—. Your first question, I know, will be, what are we like after Geneva? That wonderful atmosphere to feel which is to believe! Have we caught it? Well, there are signs of a rash, but not all the usual symptoms. On the Protocol and compulsory sanctions, our views remain what they were. Perhaps it is the weather. The cold certainly made one's pores impervious to anything short of a hot bath. From whatever direction the wind blew on

Letters from an Englishman Abroad

Geneva, it was always *frappé*. Even the South was closed by the icy mass of Mont Blanc. Then the Council is not the Assembly, especially the particular meeting we attended. Everyone emphasised the difference. The Assembly is a child of nature. It shows its feelings. It labours under less sense of responsibility, less need for compromise. Small peoples take themselves seriously, but they cannot, at all events if they live outside Europe, be expected to take everything else in quite the same way. This sense of freedom gives life to its proceedings. There is apparently a herd psychology even for nations in the mass. People even speak of a world public opinion. Perhaps one day it will really represent the *orbis terrarum*.

The Council, as we saw it, was a cold affair. Its judicial side must be intensely interesting, but the dispute between Danzig and Poland did not come on till the morning we left. In any case, a weight attaches to its proceedings to which those of the Assembly can hardly pretend. They are now attended by statesmen of the first rank. But last Thursday, when the Protocol was dealt with, restraint was the key-note. The real interest lay in the preliminary secret meetings. When it reached open session, the whole thing was staged, and the Press of the world had to content themselves with what the Secretarial wags called a funeral sermon. It was read out in sonorous tones by Austen, all monocle and composure. It was not even his own composition, as anyone could see by the way he occasionally stumbled over the phraseology. It had a familiar ring, and I heard some voice near me whisper "A. J. B." It was hard to pick holes in its reasoning, but the audience wanted more than reason, and it was obviously anything but soothing syrup to the people round me. A beautifully phrased speech from Briand followed. If Austen was there to bury the Protocol, he had come to praise it. His delicate wit trifled with a corner of the veil the rehearsals had left, but it left you really with nothing very definite except a greater admiration than ever for the

Letters from an Englishman Abroad

perfect adaptability of the French language to such occasions. The proceedings were so decent, that I doubt if even R—— caught anything fresh.

No : Our reaction, to use an Americanism, was certainly not to the formal proceedings. The imponderable side to which I now come is harder to describe.

There is plenty of nationalism in Geneva, and there is also plenty of a wider idealism. Sometimes the two are mixed, and each tries to use the other. The setting, of course, encourages idealism. The Secretariat looks out over an amethyst lake to the loftiest peak of the Alps, and, like Milton's Garden of Eden, it is hedged round by a mountain wall which, on every side, shuts out the world. Simla itself is hardly more secluded. The country in which it works is itself international, and to neutrals it is easier than for the rest of us to look beyond the national stage. Their neutrality tends to grow less secure as things are to-day, and international co-operation offers them not only enhanced safety but also a more dignified rôle. In Switzerland, the international idea is, I believe, unusually strong, and we were lucky enough to see a good deal of an exceptionally attractive Swiss, to whom the League not only means but owes a great deal. But it is not necessary to be Swiss to feel the spell. Natural surroundings apart, the society of the place lends itself to it. It is cosmopolitan to an extent that even a Johannesburger could hardly imagine, and its cosmopolitanism is of a most attractive kind.

Perhaps the best way of describing the atmosphere is to give you an account of the people we met. We hardly ever had a meal to ourselves, for Geneva society is as hospitable as it is cosmopolitan. Its hospitality, too, took us into pleasant places. Primroses I always imagined belonged exclusively to our own islands, but the lawns round the charming country houses, where we met for meals, were thick with them, and violets, in spite of the cold, were already pushing through the pine needles in

Letters from an Englishman Abroad

the woods by the lake. Americans, British, Canadians, Swiss, Irish, Swedes, Poles, Frenchmen and Italians, all mixed together in a way that reminded me of undergraduate Oxford thirty years ago. There was the same irresistible intimacy and something of the same *joie de vivre* in a world which was still fresh, and in which nothing was impossible. It is, indeed, youth that gives the place a large part of its charm and also of its strength. Forty years on it may be different, but to-day there is no sign of disillusionment. The people we talked with were heart and soul in their work, which, they believe, is to bring a better world. It is easy for anyone who has kept a spark of youth in his composition to be swept off his feet by this sort of thing. I admit it. Perhaps, too, it appealed with special force to us, "*les trois Mousquetaires*," as some wit labelled us, the most seductive flattery for two of us, to whom, alas ! even *Vingt Ans Après* would no longer be appropriate. We, too, remembered a golden age in which another kindergarten worked for a big cause. The very buildings the staff work in recalled our South African days. But another compliment was paid us, perhaps the most subtle of all. These enthusiasts listened to us, and their own views were, as you may imagine, none the less impressive for their readiness to hear ours. I am not, of course, speaking of the delegates to the Council—they remained entrenched in their hotels behind their secretaries—but of the more permanent workers. I have spoken as if they were all young, but there were older heads among them, people with the exceptional experience of S—. Those whom the gods love, as we know, die young. We even met Germans. Lunching on Tuesday with an American, there were two of them, one the head of the State of Danzig, the other a leading industrialist from the Saar. The Danzig man might have come straight out of a John Buchan novel, a great hefty Prussian, 6 ft. 3 in. in height, as straight and spare as a ramrod. He, once upon a time, ran the municipality of Warsaw and was on the French

Letters from an Englishman Abroad

black list. He was in Geneva to object to the Poles setting up separate letter boxes in Danzig. Later he gave us the German view of the corridor question. We got the Polish side the next morning from the Polish Foreign Minister. To the Germans this corridor is an unbearable slight. It cuts their country in two at the point where national pride is most intense. Its removal would, the Poles point out, in the event of a war with Russia, completely isolate their country, and the bulk of its inhabitants are Slavs. But I don't want to be led away into specific questions. It was amusing to see this huge Prussian playing elephant with a pretty little French girl, and I heard him asking some of the guests to come and dine with him later in the week. At lunch both the Saar and the Danzig questions were discussed with the greatest freedom. One evening our host was a British ex-naval officer, and we sat up till the small hours talking about the European question. There was a Dominion colonel who had been a settler in the Eastern Transvaal, a charming Spanish internationalist with, however, enough of the old Adam left to fire up at some reference to American history, and an Italian who threw a new light for me upon his countrymen's attitude to the League. We finished up on the last night, after Austen's declaration, with a palaver at the international club. We did our best to explain the British standpoint to a couple of Frenchmen, a Pole, an American, a Spaniard, and one or two others. Great bitterness was expressed by some of them. We were accused of having dealt the League two hammer blows, first over the Treaty of Mutual Assistance, and secondly over the Protocol. "And now," said one of the Frenchmen, "what does the latest contribution amount to? Just another German signature!" If Germany joined the League, he said, it would be different, for she would then be undertaking real obligations. The sanctions for him evidently counted for more than the princes of the Bible. To us the new German offer seemed a great advance, and we said so.

Letters from an Englishman Abroad

We all parted, I am glad to say, on excellent terms ; the better, I think, because we had spoken our minds quite frankly to one another, as friends ought to do.

The Secretariat itself is as cosmopolitan as Geneva society. It is what the tower of Babel might have been if it had come after Berlitz schools and improved communications. Stand a minute in the great hall and watch the clerks hurrying to and fro. Every race seems to be represented and every colour too. I noticed a lady typist with a black face. An army of tea-things parked in a side room suggested a considerable British element or else a general adoption of our afternoon habit. The amazing thing is the extraordinary *esprit de corps* which inspires this polyglot staff, and the smoothness with which the wheels go round. This in spite of the fact that efficiency is not the only criterion in its selection. The different nations have to be given a fair share of the various jobs.

I have described the people we met to give you an idea of the atmosphere in which the League works. It has its dangers. It is not necessary to leave England to strike the lunatic fringe. There is a risk, too, of the sense of reality being lost at Geneva. Officials are, I hear, changed every seven years, and no doubt that is one of the reasons. I heard someone blamed for failing to rise above the national standpoint. If the speaker meant the substitution of loyalty to the League for loyalty to country he was clearly chasing a shadow. The time may one day come for it, but the surest way to wreck the League to-day is to treat it as a super-State. Country can't be dropped at this hour of the day. A Frenchman is credited with the remark that no one is any use at Geneva who does not bring his national outlook with him, and there is truth in it. Decisions which disregarded that outlook would have little chance of acceptance by the nations concerned. It is the duty of the League's officials to carry out its behests regardless of their own views. But this does not mean that idealism is an *ignis fatuus*. It

Letters from an Englishman Abroad

supplies the drive. It is also indispensable in the crow's nest.

If, however, this atmosphere has its risks, they are nothing to one supreme advantage. Geneva is a unique clearing house of ideas for the nations, a meeting ground where differences can be calmly discussed before things have gone too far for peaceful methods. This purpose is directly helped by the presence of delegates who are not themselves interested in the dispute. They provide a detached background, a sort of public opinion which cannot be altogether left out of account, and which, on one occasion at least, has already made its influence felt on the side of peace. Friendliness is the dominant note. Geneva provides a way, possibly the only way, of turning the psychological line which still keeps the French and Germans apart, though the trenches have long ago been filled in. I now realise the importance of Germany entering the League. Once on the Council, her relations with the rest of us would be put upon an entirely new basis. Her desire to be part of the West, of the real comity of nations, would be strengthened and she would be less inclined than ever to throw in her lot with Russia, the only State to which, as a German put it, she at present can talk as an equal. To bring disputant States together you must, of course, have machinery. The fact that such machinery is there, ready for use in any crisis, is an immense gain apart from anything else, and the Secretariat is admirably suited for this purpose. It seems to be really trusted. If the Protocol is only the way of the sword in a new form, this mediatory rôle is the real way of peace. It is worth all the compulsory sanctions in the world we live in.

Before our week was over we felt we must visit Berlin and Paris, Prague too if time permits. It is unfair to sample one atmosphere only. We left Geneva with the morning light on Mont Blanc and I myself felt something of a glow. I came expecting a dream, but I leave with a hope that the dream may come true. Yours ever.

Letters from an Englishman Abroad

PRAGUE.

March 21, 1925.

MY DEAR N——,

It seems my luck always to have to describe one atmosphere in a different one. This time it is Berlin from Prague, and even Geneva is hardly a greater contrast. Prague! The name stands for two ideals, religion and service. That blind old king! The *Dienstmann* who shouldered my luggage at the station brought his noble motto into my mind. And John Huss!

Religion is still the outward mark of this town. You can tell it by the church bells on a Sunday morning, and by the multitude of churches. Its *Siegesallee* is a bridge of saints, its central monument Huss himself; this last a rough hewn Rodin-like group with Huss' tall figure towering over groping humanity. And religion to-day—whether for spiritual or political reasons I cannot say—is stirring. Rome for Prague, which was Protestant till the Thirty Years War, was always linked to the Hapsburgs. It was the State religion. Spiritually, of course, it suffered, for the Hapsburgs represented an alien yoke, and now even that prop has fallen. One of the first results of freedom has been the secession from Rome of some 800,000 Catholics who have set up a church of their own. There are still a million Protestants in the State.

Berlin is drab, but Prague is full of beauty and it tempts one to linger. The outline of its Acropolis and the noble sweep the river makes through the town give a dignity that Berlin lacks. The people, who look more like Celts than Teutons, have made a better start than the other small countries. They, no doubt, owe their practical qualities to centuries of contact with German civilisation. But they have not lost the charm of the South and something of its *manana* character still clings to them. Even the German side reflects not Berlin but Vienna, and there is a world between the two. The Northern mountain rim

Letters from an Englishman Abroad

is peopled with Germans, but Czecho-Slovakia—what a name when they had Bohemia!—starts at all events with no burning international question if, as they say, the Germans are to be taken into the Government in the next twelve months. Nevertheless, it has its own special nightmare—is there any European country without one? Here it is the dread of a union of Germany and Austria. A glance at the map will show you why. The Czechs would, in that event, be nearly encircled by Germans and Hungarians. But I must now go back to Berlin, and first a word about the country in which it stands.

Imagine a flat sandy plain, stretches of plough—and every inch that warrants it is cultivated—alternating with tracts of stunted fir and silver birch, the grass, where there is any, yellow and sodden; a slab of dirty snow on every northern slope, where the thaw has not yet got home; red roofed villages huddling round their Lutheran kirks, and occasionally a big plain house; overhead a lowering sky and driving sleet. Such was Prussia as we saw it on our way here; as dreary and monotonous a country as you could wish to see. Such, you may say, in truth, is Central Europe, at all events its Northern half, Northern Asia indeed as well, for the country cannot be very different right into furthest Siberia. The Hartz and the Urals are the only real wind break for thousands of miles. A restless land one would think. Who, hemmed in among such surroundings, would not welcome any call that meant a change? And it has, in fact, always produced warriors. It sent wave after wave of them to break on Roman civilisation, till they finally overswept and revitalised it. Only yesterday, the Prussian Guard got its best recruits from an exceptionally poor bit of it—a glorified Aldershot plain—East of Berlin. A fine stock they are these peasants, frugal and thrifty, engaged ever since history knew them in an uphill fight with either man or nature. I remember in the Transvaal finding a couple on a Waterberg farm, one of the worst, but to them it was a Paradise. The landowners,

Letters from an Englishman Abroad

our friends the Junkers, take their part in the struggle. They farm their own estates.

Here is a picture by a friend whose business brings him into close contact with this people. The word "spiritual" in a question one of us put at lunch gave rise to a general guffaw. Food, we were told, is the thing nearest to their hearts. At any time of day you can safely take a Prussian girl into a pastry shop and see her wolf a huge cream tart. Food, especially French wine, to this day gilds their recollection of the war. They are simpler than we are. Even in the heyday of Kaiserdom a smart cavalry mess had, I remember hearing, to be content with cold supper, and polo was stopped on the ground of expense. As for the horrors of war, they don't, my friend says, exist for them. War has always been in their day's work. It was shortage of food and not the shock of battle that broke their morale. Pain, he added, they positively enjoy, both the giving and the receiving of it. We were warned not to indulge in a major operation in Berlin. With it all, they are, it seems, a bluff, straightforward, stupid folk without any of the deception the French credit them with. The generals especially are, I hear, the best company in the world, though with no opinion, it appears, of their opposite numbers on the Allied side. They say that our British officers were ignorant of the art of modern war. Man for man, they respected us, but the French army was, in their opinion, a more efficient machine than ours. Of our troops, the Australians apparently impressed them most. Curiously enough the naval men, I am told, show a bitterness that is entirely absent among the soldiers. Of Junker manners we heard few complaints. A little rough perhaps. Still they are gentlemen. I fancy the aristocratic type is much the same everywhere. But enough for the Junkers. Prussia has not contributed a single great name in music or literature except Kant, but I never met a South German who did not admit that she had given the Reich its backbone and its drive. If you doubt me read Prince Hohenlohe's

Letters from an Englishman Abroad

memoirs. They don't like the North. The union is a marriage, not an assimilation—the two are as different as chalk and cheese—but it is a marriage between people who still keep the old-fashioned prejudice against divorce, and opposites supplement each other's defects. What a type you would get, said a Baden man to me, if you could only put the guts of the Prussian into our people! After all, *mariages de convenance* often turn out best. Anyhow, they are all German.

Berlin surprised me. Not in its outward appearance. It is new, commercial and ugly, all in fact that it has been painted, and, thank God, its drabness is no longer relieved by brilliant uniforms. You can see it has only recently been promoted. In spite of its three million inhabitants it remains provincial. Grandiose buildings have been plumped down to make it into an Imperial capital, but the effect is pride rather than beauty or even dignity. There are few cars in the streets compared to London. We were struck, too, by the provincial type of the crowd at the Opera, though the music rivalled that of the spheres. In Paris I always feel in a happy holiday mood, but never at home. In Berlin I expected unsympathetic surroundings, and I got them, but, strange to say, I felt at home. I belong to the North of England, and the sombre heavy streets took me back to Leeds or Liverpool. The people, too, reminded me of them. They were not attractive to look at. Their manner was short, but so is ours in the North. They were perhaps more like Belfast than English folk, but that is a detail. What I didn't expect was the kindness I found behind it. But that, too, is the North all over. It began with the train. A Bremen man in our compartment insisted on helping us with the porters and even came in a taxi with us to our hotel. It was the same with everybody. Before the war, a stranger would, I am told, have resented a certain rudeness; people used to push their way about the pavement without much regard for others. There is certainly no sign of that to-day.

Letters from an Englishman Abroad

The crowds move briskly as if time were an object, but that is all.

There was, indeed, the same significant alertness that I noticed in Cologne. Not that they are blind to their difficulties, which, in fact, are great. They start with well-equipped factories and a good budget both for the Reich and the railways, but as against this, their trade balance for 1924 was two and a half milliards of gold marks on the wrong side. Credit is horribly dear and hard to get for any length of time. They have lost the bulk of their iron fields and much of their coal and timber. The annuities under the Dawes scheme have to be found before a penny can be paid in dividends, and the annuities will grow larger as the years go on. Taxation is very high ; their railways are in pledge ; toll is also taken of the customs. Labour has hitherto been fairly quiescent, but the standard of living and wages is wretchedly low and a bad time may be in sight. Communism is still there, though quieter than it was. The danger of *Putsches* of any kind, indeed, seems to be over. There were, however, seven people killed and a large number wounded in a row at Halle the day we passed through. Defeat is a positive advantage for some things. One sees it in Germany at every turn, but there must be a limit even to the German workman's patience. The Ruhr is not yet free ; the Rhineland and the Saar are lost for at least a number of years. Our Bremen friend enlarged on all these difficulties. Yet in spite of them confidence is in the air. This people means to go up. You will say that psychological causes have probably more to do with it than facts, and you are right. It is, D—— suggested, a symptom of convalescence, a reaction, someone else put it, after the terrible strain of the collapse of the mark and the Ruhr ; perhaps it is spring at last. Berlin certainly leaves an impression of efficiency and power.

So much for general impressions of the streets. We saw everyone we could, ordinary citizens as well as political

Letters from an Englishman Abroad

people. The latter tell you what they want you to hear, but you must go to them to learn what is in the wind. For the deeper currents, which even among so docile a people, sooner or later shape the views of politicians, you have to go to the former. At the moment all alike are moving in the same direction, the only one that circumstances permit, economic recovery. For this purpose want of political leadership makes little difference. An instinct as sure as that which glues hounds' noses to the trail takes its place. The important people in the immediate future will, it seems, be the great industrialists, and the pudding when it comes to the eating may prove more indigestible for us than for France. The politicians declare, and I don't doubt their sincerity, because it is what we would do in their shoes, that peace is essential for their purpose and if trouble comes it will not be from them. Aggression is, they point out, unthinkable without capital or technical equipment, and everyone knows what would happen if preparations were begun on the scale that modern war requires. The only goal to-day is "business." Beyond that, *quot homines tot sententiae.* Hence the German proposals. There is fear in Germany as well as in France. Poincaré might, after all, get back. Another invasion of the Ruhr would upset everything, and it is essential to calm French fears. They do not accept the Eastern settlement as final. No Government could do that. I noticed no hate for the new nations, but there was an even more significant contempt, especially for the Poles, a conviction that they will come to nothing of their own selves. I heard respect expressed only for the Czechs. The Danzig corridor is the real open sore, though Upper Silesia is always in people's minds. The East cannot in any case, they point out, be stabilised with Russia an unknown quantity; its problems are sure to be reopened whatever Germany does, and when that time comes she must look to her interests; but she is willing, as I understand, to give up any idea of a forceful settlement and

Letters from an Englishman Abroad

definitely to abandon Alsace-Lorraine for good, and I suppose Eupen and Malmédy as well. The German Government, no doubt, sees the danger of allowing the fatalistic attitude I described in my Rhineland letter to continue. Whatever the merits of their offer, it is certainly a favourable moment, and one that may not easily return. The present Government can speak for the whole country, except a few extremists. A purely Right Cabinet would be too stupid, and a Left too weak, to attempt such a gesture. A one-sided pact or alliance, or even a unilateral declaration such as we discussed, would, I was told on good authority, convince people that Europe is lining up again, and the new offer is the best chance of peace that has yet appeared. Germany seems likely, too, to come into the League. Her fear of allowing troops to pass through her territory is natural. It lies across the road to almost everywhere, and if a French force used German railways in a war to defend Poland against Russia, the Russians, if the French were defeated, would then come down on Germany which is only allowed an army of 100,000 men. After our conversations, however, I am less inclined to look upon these difficulties as insuperable. But it is clearly essential that we should get out of Cologne in August or we shall never be believed again. German sentiment is centred in the Rhine to a degree which it is difficult for a foreigner to realise. There is to be an exhibition at Cologne this summer to celebrate the thousand years that have passed since Henry I. made it German in 925.

One word about the League. It may be thought that if Germany comes in, that in itself will show a changed attitude and that no other step is necessary. That is not my opinion. No one in Germany looks upon the League through our eyes. For them it is an instrument of Allied policy, a one-sided machine. They remember Upper Silesia and complaints from the Saar are still dinned into their ears. Some, no doubt, hope by joining the League

Letters from an Englishman Abroad

to change its character, and there are degrees in their scepticism, but most people who want to join do so, I believe, because at Geneva they will meet the Western Powers on equal terms, and Germany cannot afford to neglect any available machinery. Friendly contact with the outside world at Geneva will, no doubt, some day break down their reserve, but it is bound to be a gradual process, and the present tension must be tackled, whether Germany joins the League or not. The League alone is, anyhow, not enough.

But I must pass on to other things. Berlin confirmed the impression left by the Rhine country. It was like tilting up the lid of a vast pot in the process of cooking. Inside, all is ferment and it is too early to tell what the brew is going to be like. The one certainty is its strength. The energy one finds is the more striking because politically this people is so utterly leaderless and indeterminate. The youth movement is one of the ways in which it shows itself. It began, I gather, as a sort of revival of romanticism years before the war. One met young people everywhere, I am told, in Byronic collars, communing with nature. It was not political, but being a reaction against the formalism of the old régime it might well have become so. The war saved it from that, and gave it a patriotic turn. To-day it takes every imaginable form; indeed, youth seems to be its only common attribute. A regular battle took place last year in the woods near Berlin between some Communist and Monarchist boy scouts. It seems to have little to do with social service or religion in the North. I had an interesting talk with a professor at a large Berlin college. He was aware of a youth movement among his pupils, but he knew little of it. It was underground, he said. When I asked him if its aims were good he replied doubtfully, "I hope so." He told me that all the boys were for the "Right," and intensely patriotic. Stories of ill-treatment of minorities in the new States and about the Ruhr left their mark. Whatever the cost of

Letters from an Englishman Abroad

the occupation in francs, it does not represent the whole of the price to France. A German friend told us that if there had been no Ruhr there would have been no reparations. An English observer was convinced that at the time it nearly finished democracy in Germany. We don't yet know all the mischief it wrought. But to return to the college ; whatever the pupils' views, they took them, the professor was sure, neither from their parents nor from their teachers, but formed them for themselves.

Any likeness to our own North country certainly does not extend to sport. For young Prussia, games are not games in our sense, but a discipline, a veritable battle. They actually use the word *Kampf* for them. Their methods are certainly nothing if not thorough. I am told that there is a chair of sports. Physical culture—a form of the cult of physical force, H—— calls it—fills a large place to-day if one can judge by pictures in magazines, and it is a German grievance that their athletes are debarred, by French influence, people say, from international contests, such as Olympia.

But I am wandering from my point. The same absence of finality characterises the political parties as the youth movement. The German Left has always been against Imperialism. The working classes, especially in the Prussian towns, are, I am told, positively "unpatriotic." But, if one can judge from the declaration of the *Reichsbanner* in favour of union with Austria, the Left is itself becoming irredentist. This will alarm Prague and Italy as well as Paris. Dr. Hellpach, the Democrat candidate for the presidency, advocates joining the League so as to prepare the way for the peaceful inclusion of all Germans in the Reich. On the other hand, the effect of the parliamentary mill on the monarchist parties is that the kings get pushed into the background by pressing everyday questions just as the Socialists shove their theories into a drawer when they take office. Then there is the Centre. Its ballast makes it a power in the land, but it gets it not from political

Letters from an Englishman Abroad

principles but from the allegiance to Rome which keeps people of all sorts of views in the same camp. It has hitherto gone with democracy just as reaction goes with Protestantism in the North and with Catholicism in Bavaria, and as Socialism generally goes with Free Thought ; but how long it will continue to do so, or even to hold together, is one of the puzzles in a complicated situation. Religious prejudices are an important factor. Then there is the powerful *Landbund*, which somehow still keeps peasant and landlord in the same fold, and, lastly, there are the women ! With all this indeterminateness, party often seems, if bitterness is a test, to have replaced country itself, and party feeling, as the Ebert case showed, goes beyond politics.

I find few traces in the North of the religious movement I told you of in Baden. Most people smiled when we asked about religion in Berlin. Lutheranism suffered from being the State religion, and with the collapse of the Kaiser it seems to have lost its prestige and much of its vitality as well. Whether there is a spiritual movement under the surface, independent of the churches, it is difficult to say. Accounts vary. We heard of some theological activity. Several spoke of a greater earnestness. A Christian Science church was, I am told, quite full last Wednesday, and a Catholic friar drew large audiences some months ago until people suspected him of propaganda. Non-Catholics in Berlin, most people say, are free thinkers. As regards idealism, I only came across one enthusiast there for the *Pan Europa* movement, and even he came from the South. He admitted that he was a voice in the wilderness. Berlin to-day, according to most accounts, is set on material things.

If I left off here I should, however, be leaving a one-sided impression, and a half truth is the worst of lies. You can't put people into pigeon-holes and docket them. Whatever the reputation of various categories, I can only say I have been agreeably surprised in the specimens we

Letters from an Englishman Abroad

came across. Closer contact even with Junkers shows them to be men like ourselves. One of the younger Conservative leaders, whom we had a talk with at the Reichstag, was certainly as nice a fellow as you could wish to meet. Far from being a fire-eater, he was as anxious, I am sure, to do the right thing by his own people and the world as any of us. He wanted the kings back because he genuinely believed that Germany was not yet ready for democracy. It turned out that he was a Rhodes scholar, one of the first batch. He had forgotten his English, but Oxford was still all over him, so perhaps he was not a fair example. Other Junkers we met might have belonged to the upper classes in any country. I imagine that if you were to put German, French and British generals into one club the harmony would be as profound as anything this earth is likely to attain. Then, take the teaching profession. The specimens I met certainly did not live up to its reputation for chauvinism. I still think of a walk I had with a young schoolmaster in a Cologne suburb. Little children came running up from every side to grasp his hand or be kissed. The mothers all had a smile for him and he a kind word for everyone. He spoke ill of nobody. It was hard to imagine such a type teaching hate. I have described my talks with several professors. But we found chance acquaintances just as ready to discuss things calmly. In Berlin I noticed few traces of the pessimism about the French which was so pronounced on the Rhine. I only remember a single individual who seemed to want a war of revenge. This does not mean that there is no clash of principle, only that "A man's a man for a' that." So many people, especially in France, speak as if the Germans were cast in another mould to ourselves.

Another point. You often hear it said that the Prussians have never realised they were beaten. I doubt it after the last few years. They have had to face the alternative King David dreaded more than either pestilence or famine. It has, moreover, sunk home that the motives which set the

Letters from an Englishman Abroad

world against them in the last war would operate again in the next if they resume their old policy. A Centre party man I met looks to the sound political sense of the German masses to counterbalance the stupidity of the upper classes. Stupidity is indeed the real danger in Germany. Moderate people look, he told me, to England for inspiration and encouragement in the uphill task of starting their new political system.

Sight-seeing in Berlin is interesting but depressing. Spread eagles, "those birds," as a Socialist leader contemptuously dubbed them, are in evidence, though hardly so prominent as they were in Vienna, and except for the colossal images of Charlemagne and the early Kaisers in the Reichstag Hall, and the statue of Wilhelm I. in front of the Palace, I saw nothing in stone to match Vienna's gigantic Archdukes. But in Vienna they are the monuments of a past that is gone. Here it is too early to say. The note almost invariably touched in Berlin statuary is force and pride—*Lanzknechts* and panoplies. Even the great gilt image of peace which, with extended wings, looks down that double line of warriors and periwigged Hohenzollerns, the *Siegesallee*, is more like a Valkyrie than an angel. In the Reichstag there is a huge statue of William the Great with his back appropriately turned on the red, black and gold flag which droops over the door behind him. The whole impression is mediæval. No doubt it is in part a survival of the same romanticism to which we owe not only the hideous neo-Gothic style of Queen Victoria's reign, but the *Idylls of the King*, for it has also its chivalrous side. But in Prussia it was far more than a mere imaginative phase. The twilight atmosphere of Wagner legend to us suggests something incredibly remote, but it was less strange to Imperial Germany. The forest was not so far from them. You can see it to this day everywhere in the background, straggling over the skyline to remind you that even the great cultivated plains are only reclaimed lands, unwillingly released, and the hideous waste modern

Letters from an Englishman Abroad

industrialism leaves round a place like Frankfurt merely a devastated area. In England we forget, too, the strength of the Imperial tradition bequeathed to Central Europe by ancient Rome and revived by Napoleon. The old sentimental Germany, we were told in Berlin, is dead. Of that I cannot judge, but it is, I am sure, the part of wisdom to avoid throwing this people back upon its formidable past. I returned from Potsdam out of spirits. Its woods were full of grace and *Sans Souci* is not without charm, but my mind, as I sat down to dinner at the *Adlon*, was haunted by that horror of a chamber in the New Palace which William II. himself designed, its grotesque walls, like a grotto in some aquarium, plastered with lapis lazuli and mother-of-pearl.

Art, once upon a time, had a real spring in Germany. Her short golden period in literature is one of the wonders of history. I glanced round me. Had the blossom fallen for ever? Is even German music drying up at its source? Surely all the kingdoms of the earth would be a poor recompense for the loss of such a soul.

Yours ever.

LONDON,

March 29, 1925.

MY DEAR N—,

Never have I been so struck with the beauty of Paris; a real capital at last! The lightness of the atmosphere, too, surely the "delicate air" of which old Athens boasted. The statues in the Louvre gardens seem as white as they were thirty-five years ago. And the sculpture! Fresh from Potsdam, H—, who prefers Botticelli to Rubens, called it grace after grossness. Then the journey along the Moselle and the Marne! I never tire of these river valleys with their "miles and miles of poplars grey." We were lucky enough to find them under a true French sky, the blue of spring, with the grass

Letters from an Englishman Abroad

springing up in the meadows and the palm out in every thicket. What a country, I thought, after that dreary snow-flecked plain of Central Europe! And our way lay over historic ground. On those chalk hills by Chalons, Attila once pitched his black tents, and in the afternoon we screeched through a village station on which, as in a flash, I caught the name, Château Thierry. At Epernay we found stretched on the grass by the line a squadron of sky blue troopers, resting with their carbines piled beside them. Fine country lads they were with the sun that gave *Veuve Clicquot* to the world in their ruddy cheeks, and a smile for every one; incapable of hating anybody by their looks. An American grouped them in a crescent round his wife and had just time to get in a snapshot before the train moved on. In Paris we found courtesy and kindness; hospitality, too, which recalled Geneva. Not a trace of resentment, however unpalatable our views. The very waiters, even the *femme de chambre* . . . I am not, however, writing a "sentimental journey," so I will get back to politics. Our experience was the same in Germany, only in France there is an air with it all, an attractive side of that art of living in which she excels.

What, however, am I to say of Paris politically? Our week has been a whirl, talk with deputies, talk with ordinary citizens, talk with newspaper people and with our own compatriots. H—— has even seen the Tiger, whom he finds as vigorous as ever. At soirées, parties and dinners, we freely gave our impressions, and our hosts and their guests expressed their own views with equal frankness. The last night we dined with the C——s, who have been extraordinarily helpful. After dinner there was a round table discussion. The circle included a Georgian, a Norwegian, a distinguished French General, an economic authority, and a number of other people of mark. Last but not least there was A——. She was, as you may imagine, in great form. She first chaffed the life out of a dear old literary Abbé whom H—— had met in America,

Letters from an Englishman Abroad

a regular eighteenth century type, and she then addressed the assembly on the feminist movement in their own tongue. The *parole* goes round at these entertainments rather as the bottle does with us. In French culture the *verbe*, as an English resident put it, ranks high, and style is carried to a pitch of excellence one only finds in France. There is, I am told, an impatience for anything that does not readily lend itself to clear expression. Perhaps that is why Shakespeare is less appreciated there than in Germany, where the instinctive side counts for more. There are thoughts after all that lie too deep for words.

One day we lunched with a party of deputies of the Left, mostly from the *Midi*, and Léon Blum, the Socialist leader, dropped in for coffee. The conversation turned chiefly on the party game, in which they were naturally absorbed, and we had little chance in getting on to Franco-German relations. I was questioned at my end of the table about the Dominions. One deputy was sure that Canada was only part of the British Empire in form and that in reality she already belonged to America. I heard another whisper to his neighbour after hearing that the mass of the Kaffirs had no vote, "Then there is sure to be a revolution in South Africa." They were astonished to hear that in the Transvaal no marriage officer has authority to solemnise marriages between whites and blacks, and that in the old days they were forbidden by law. "We don't understand that in France," they said. Nevertheless, one of them admitted that they would not themselves give a vote to black people who still went about naked and believed in witchcraft. I reminded them that the whites are outnumbered by five to one. French people, it would appear too, in practice, rarely marry negroes.

Wherever the German question came up, it was the same story, not hate but fear. No one disguised it. One man even confessed that his countrymen's judgment might be a little warped in consequence. It was almost as if he would have liked us to make up their minds for them.

Letters from an Englishman Abroad

Since the Armistice some 400,000 conscripts have served on the Rhine, and they bring home, we were told, an impression of a power of organisation in the Germans which the French know they themselves lack. It is not a fear of superior intelligence that haunts their imagination, but the idea of a great implacable machine being wound up for another spring. Vital statistics make gloomy reading. They are getting in colonies of Poles, and there are lots of Italians in the South, but it remains to be seen whether anything can make up for a declining birthrate. We asked why the inheritance law was not altered. French Canadians have large families. The difference between the French and the Germans is very striking. It is true that if each looks down on the other for some things, he respects him for others, but the result is none the less incompatibility.

The argument that perhaps appealed to people most was "Put yourself in the place of the German. What would you do? Obviously, follow the line of least resistance and make another bid for commercial supremacy. It will take him many years to bring that off, and he will not at the end be so ready to risk it again." But they would not leave it there. "What would he do with his money," they asked, "when he got rich?" No one, indeed—and I cannot sufficiently emphasise this point—is alarmed about the present; the dread is all for the future, twenty years ahead, and that amounts to a positive nightmare. It is so difficult for the exact French mind to leave anything on the knees of the gods; besides, so many Frenchmen have no god; but apart from that, highly strung people are rarely content to live in the present and let the future take care of itself. For them, "Sufficient for the day is the evil thereof" is a hard saying. Nor have they difficulty in finding ground for anxiety. An old professor was profoundly depressed by the reactionary tendency of German youth. Then, there are the German election cries. An extremist circular inviting people to vote for

Letters from an Englishman Abroad

the Black, White and Red, "that is going to kill the *Franzmann*" was reproduced by the *Matin*. But Hellpach's speech about Austria got nearer the quick, because he is a Democrat. Lunching one day near the *Arc de Triomphe*, where every boulevard recalls some victory, I asked whether 1918 had left no sense of exaltation. "None," was the answer, "only anxiety." If Germany does not yet know she lost the war, France certainly doubts whether she won it. In Germany, they have touched bottom and now feel that nothing can stop them going up again. The French apparently feel that their zenith is past and that they are on the down grade.

But we did not ask them just to take the future for granted. France starts with immense military superiority with which she is not likely to part till she feels safer. But there is something more likely to lead to security than armaments. Our own hopes are bound up with German democracy. If it collapses, we know that the war will have been fought largely in vain. We have little patience with any policy calculated to strengthen its enemies. In future such a policy must be avoided. People agreed with us. Poincaréism is to-day discredited, not that they feel they had no right to invade the Ruhr or even perhaps that it was a blunder, but because Poincaré missed the bus by failing to make terms with his enemy while he had his head in chancery. At any rate, if we were correctly informed, even if Herriot falls, the Left is in for several years to come, notwithstanding the perils of the financial situation. But although most people agreed with this argument, their agreement often seemed perfunctory. Scepticism was the reason. Could anything stop the backwash in Germany? "How can there be a real republic there?" said one man, "now that the *valuta* has wiped out the middle class?" That, we pointed out, was an overstatement. The older generation had largely gone under, but the young earn as good salaries as ever. Besides, though landlords have suffered least, the reactionary classes

Letters from an Englishman Abroad

have also paid their toll. "Germany," said another man, "does not belong to the West at all." He had no more belief in political freedom there than an Athenian would have had in the Persia of Darius. She was really despotic, he said, oriental. As for their republic, even if it lasted, it was a *fausse république*. *Plus ça change, plus ça reste le même*, is a common view. I thought of the pathetic yearning I had found in Germany for our Western ideals. Could any Persia have produced a Luther? Were Albrecht Dürer and Goethe not part of our Western heritage? Surely German music would never get round our souls as it does if it belonged to the East? We did not pretend that democracy had yet made good in Germany. But there was no reason to despair of it if we keep our spokes out of its wheels. A good judge in Prague thought the republic stronger than is commonly supposed. The wonder is that democracy has survived at all, everything considered. I do not, however, want to weary you. One or two people doubted whether even German democracy would bring peace. Peoples, they said, have their hates as well as kings. In the trenches no one thought of the enemy as fellow-men with hopes and cares like ourselves. He was just the enemy, and it is like that still in France. Fear shuts out the human side, and it is equally dangerous for both peoples. It is calculated to produce the very effect it dreads.

Another conversation is perhaps worth repeating. It was typical of others. A young banker was discussing the question of an arrangement. "Why," he said, "do you force us into an understanding with the Germans? We don't want one for other reasons, but we know it is the best thing we could do economically. Suppose, though, it results in a Franco-German steel combine corresponding to the American steel trust, a sort of new Continental system which would freeze you out! You already have a million and a quarter unemployed. Could you stand that?" My answer was, "There are things which none of us can do, and one of them is to keep a great nation down permanently

Letters from an Englishman Abroad

by force. No other risk compares with that of drifting along the present road. Another war, and Western civilisation itself may go under. Besides, the world we live in is changing, and it is a mistake to make too nice calculations. One of the uncertainties is Russia. Who knows if the next struggle will not be between her and Germany? Then there is Asia, where the Bolsheviks are playing upon anti-European feeling. Think, too, of what America will be in twenty years' time, and the British Dominions. The world balance is shifting. Is it so certain that Germany will do what you fear?" He admitted that you could not trust for ever to commissions of control and to force. The problem was too large for that.

On the question of the evacuation of the Rhineland we found vacillation. People shrink from giving up what Herriot called their ultimate guarantee, and they dislike facing a definite date; but no one pretended that we could stay there for good. Unfortunately, a decision cannot be postponed. What we do about Cologne will, we explained, be a test for Germany whether we mean to keep the Treaty of Versailles or not. If we don't go in August they will look on force as the only arbiter and the effect on the democratic cause will be disastrous. Our disarmament conditions have not yet been sent them, but they are unlikely to give us any excuse for staying on by refusing to comply with them.

We, of course, discussed the German offer. Someone asked what was the good of signing the Treaty of Versailles twice over. We did not look upon it in that light. It was surely a marked step that Alsace-Lorraine should be voluntarily abandoned. A triangular guarantee, moreover, had an advantage which affected France as well as ourselves. It could not be taken by moderate Germans as a sign that Europe was lining up again, as any inter-Allied arrangement certainly would be. Half a loaf is, anyhow, better than no bread, especially if, as is possible, the stabilisation of Western Europe makes the Eastern problem

Letters from an Englishman Abroad

less unmanageable. Poland is, of course, the difficulty, the key, as one Frenchman put it. The French are afraid of weakening their Eastern prop. Any menace to Poland is to them what a threat to France would be for us. But it is also a question of honour. They cannot desert their Eastern ally even in appearance. At the same time, we nowhere met with a blank negative. Even in Paris, people admit that the Poles have tried to swallow too much territory, though they believe that they have now learnt wisdom and made a good start. They recognised, at all events, that Poland has a special interest in settling with Germany before the Russian danger comes to a head, and we pointed out that a settlement may be more difficult when Germany has got on her feet again.

The initial difficulty for the French is how the thing is to be handled. Poland herself must certainly, they say, take part in the negotiations as an equal. A deputy thought Geneva the best place for them.

French people are supposed to be blind to their neighbours' opinion. Phillippe Millet's old paper has just published a number of articles by representative Germans.* I am told too that Germans, who now visit Paris in large numbers, are agreeably surprised by their reception. This is all to the good, but it would be a mistake to infer from it that French suspicion does not go deep. Their attitude is exactly expressed by the old line, *Danaos timeo et dona ferentes*. It was quoted to us. People wonder if Germany's game is not to insert a wedge of distrust between themselves and the Poles, so that she can deal with them one at a time. The idea of their old enemy, now that the Hapsburg Empire has gone, towering Gulliver-like among the Lilliputian States which the peace of Versailles has left, disturbs their minds. Over and over again, too, we were reminded of the Ems telegram and Bethmann-Hollweg's scrap of paper. What, people asked, is the use of another German signature ?

* *L'Allemagne d'Aujourd'hui*, published by *L'Europe Nouvelle*.

Letters from an Englishman Abroad

In view of all this suspicion, it is, we think, a hopeful sign that France is ready to go further with the new proposal. She has already faced the necessity of having Germany at Geneva. It was one of the planks on which the *bloc des Gauches* won the last election. The difficulty now is the question of unconditional entry. Another good sign, H—— thinks, is that the French at last really understand the British point of view. He repeatedly emphasised our national distrust of the written word either in constitutional or international matters. I was certainly agreeably surprised at the calm way in which people discussed things. Inconsistencies in our own behaviour were often pointed out, but there was no bitterness ; nothing like the old war-time sneer that we British were ready to fight to the last Frenchman. Another interesting point. We were reminded that if it came to sacrifices we had colonies we might give up. It also cropped up in our talk with the Polish Minister at Geneva. One authority was afraid of any retrocession reviving the old Imperialism. I thought of that bleak plain of Central Europe and the German passion for a chance of oversea expansion. They are, I see, having a colonial exhibition in Berlin ! We have, however, to consider South African opinion and the position of the natives who took our side.

We had little time to go into the social and religious side of things. We came across few signs of Pan-European idealism, of which Caillaux is an exponent. He still, it seems, keeps his old idea of an entente with Germany. Had he any chance of office, we asked. Opinions varied. There seems to be something of a youth movement here too. The head of a Protestant college told H—— that two-thirds of his pupils were determined to have no more war, and they meet young Germans and discuss things. Such pacifist tendencies are interesting. There were no conscientious objectors that I ever heard of in Latin countries during the war. As regards religion, there has, as you know, been a Catholic revival. It now seems to be

Letters from an Englishman Abroad

the fashion for *bourgeois* of both sexes to go to mass. But we came across nothing like the religious undercurrent which in England has accompanied a decline in the influence of the actual churches. Free thought seems to take the place that nonconformity does with us. Religion and politics are bound up together just as they are in Germany. Even the Left is afraid, we were told, of woman's suffrage lest it should strengthen the priests. What effect, I asked myself, would it have on the external question? Women are said to be more influenced by emotion than we are. The *femme-de-chambre* thought that war was the supreme stupidity; she believed that people were everywhere fundamentally the same. But perhaps this was more typical of her class than of her sex. How, I wonder, will the women vote in Germany?

I have written this last letter again in a new atmosphere, the old one which I know best. My window looks out upon an ordinary London square, uniform, ugly and mid-Victorian; a bleak March sky is overhead. The church bells are ringing and from the floor above come the strains of a hymn. But it is not all drab. In Kensington Gardens this afternoon I found the buds already bursting on the horse chestnuts, though in the Champs Elysees there was hardly a sign of spring. The Gardens were full, as they always are on Sundays, and my heart went out to the crowd. You could read their character on their faces, patience, tolerance and good humour. They, at all events, were not hag-ridden. We had a rough crossing yesterday. It is the fashion nowadays to belittle the importance of the Channel. But even when it was taking toll of my inside, I blessed it as I had never done before. I realise what we owe it and I thanked God for my luck in being born an Anglo-Saxon.

But this morning I am conscious of something more. I started on my travels with little enough charity to spare outside the British Empire. I am still sure that our first duty is to our own people. But my month on the continent has also made me pro-German and pro-French,

Letters from an Englishman Abroad

indeed pro-European. I long to help those less fortunate peoples to get rid of their nightmares. I am, however, more convinced than ever that the only thing that can do it—and it is going to be a ding-dong struggle—is the triumph of democracy in Germany. The bulk of her people voted for it in 1919. Even to-day, moreover, in spite of Poincaré's policy and internal reasons, the first ballot for the Presidential Election shows well over half the electors are still against a return to the old régime; this at a time, too, when the Conservative reaction which we ourselves and the Americans have both experienced, is sweeping over Germany. It is not that, as a democracy, she would be weaker for war, but that she would be stronger for peace. If the will of her millions who work with their hands and their heads can find expression—and that is only possible under responsible government—the guiding consideration will no longer be military glory, but their children's future. But it means, too, strength for progress. Europe is already stabilised as far as the waist. Beyond the Western confines of Poland all is still shifting sand. But Germany gained for the West means Middle Europe too, perhaps Russia herself. She is her nearest neighbour. Then with our faces all set the same way, we can begin to think of something better than our present system. But if Germany goes Junker, who knows how many years in the wilderness are in store for all of us? To-day we have to be content with a negative task. We cannot interfere in Germany's internal affairs, but we can at least show that there are exceptions to Nietzsche's dictum that victors are always fools, and avoid blocking her evolution. Perhaps we can even help to remove that war psychology on which reaction in every country feeds. That is where the League's help is going to make all the difference. Progress must be gradual. The Promised Land is not for us. But we can afford to wait if we have hope.

Yours ever,

INTROSPECTION IN INDUSTRY

IN many aspects the industrial situation has appreciably changed in the three months since the last issue of *THE ROUND TABLE* appeared. The state of trade, indeed, has not improved ; on the whole it is probably worse. None of the disputes which were threatening in the great industries has been settled ; but on the other hand none of them has yet become acute. The mere fact that precipitate action has been avoided marks an atmospheric change. Foreign competition is scarcely more intense, but the loss of one or two important contracts has attracted the attention not only of the industrial world but of the public at large. The Government has been in office for six months, the Budget speech has been made and the country is better able to realise the limitations of what the State can or will do for industry. The division in the Labour movement and in the trade unions, caused by the numerous manifestations of Communist activity, has sensibly widened. It may be worth while examining in greater detail these several factors in the present situation, with a view to the assessment of their relative importance. On that must depend any judgment whether the outlook as a whole is more or less hopeful.

The unemployment returns suggest that there has been a definite check since the latter part of 1924 in the gradual recovery of the last two years. At the end of March 1,250,000 persons were registered at the labour exchanges as against 1,100,000 twelve months earlier. The returns

Introspection in Industry

from trade unions show a diminution in unemployment amongst their members of .2 per cent. only in the first quarter of 1925 as against 2 per cent. in the same quarter of the previous year. This can only mean that the normal seasonal increase in employment has been almost counterbalanced by slackness of trade in other industries. The figures only confirm the experience of those engaged in the engineering and shipbuilding industries, where the volume of orders in 1925 is smaller than in the same period of 1924. The only reassuring feature, if that expression may be used, of this check to our trade recovery is that, as the *Economist* has pointed out, the same movement in one form or another has appeared in the United States, Germany, France, and Scandinavia. It is possible that bad harvests and the continued uncertainty of European political conditions account for the facts, and that the effects may be only temporary. On the best interpretation, however, Great Britain remains with over a million workers unemployed at a time when foreign competition is becoming more intense.

For many years Germany has rightly been regarded as the most serious competitor of British industry. The war brought a respite, and in the years that followed political and financial uncertainties and then the dislocation caused by the occupation of the Ruhr prevented German manufacturers from re-entering our natural markets on any considerable scale. The reparations settlement of last year has changed those conditions. Above all it has restored the confidence of the German people. They feel that, though wages may be low and the hours of work long, the future is again in their own control. Their industries have formidable difficulties to contend with. They have to pay high rates for capital; the real burden of the Dawes scheme has not yet begun to be felt; as trade revives the pressure for higher wages and improved working conditions may become irresistible; and in export markets selling organisations have to be rebuilt from the

Introspection in Industry

foundations. But there are many compensating advantages, such as the elimination of old fixed charges and the modernisation of industrial equipment, apart from the immediate overwhelming advantage of extremely low labour costs. How low these are will be evident from a comparison of present rates in the engineering industry—in Germany 38 marks for a week varying from 52 to 60 hours against 55s. 6d. for a 47 hour week here.

The beginning of the German revival is likely to date, in the minds of many people in Great Britain, from March last, when Furness Withy & Co. placed a contract with the Deutsche Werft of Hamburg for five 10,000 ton motor ships at a price lower by £60,000 per ship than the most favourable British tender. The circumstances in which this order was obtained and its effects on pending wages claims in some of our principal industries have made of it something like an industrial sensation. The British shipbuilding industry has been in the trough of trade depression for several years. Orders have been taken by all the yards in the country in the last few years at prices which, in spite of the lowness of skilled wages, showed no profit and often included nothing for overhead charges. If the building industry had lost an important contract, no one would have been surprised, but such a disparity in price between a foreign shipyard and our own was not easily accounted for. The Board of Trade, the German contractors, the purchaser and the Press have vied with each other in finding explanations, many of them quite unconvincing, of the occurrence. The favourite theory in some quarters is that of a German Government subsidy, but this is denied in Germany and no evidence to the contrary has been produced. The Deutsche Werft have claimed, and what is more surprising, the statement made by the Board of Trade lends colour to their claim, that German yards have unrivalled experience in building motor ships, that their methods are more efficient, and that their "horizontal" association with

Introspection in Industry

engineers and steelmasters gives them engines and material on particularly favourable terms. As to greater experience and superior methods and equipment, there is no evidence whatever. Between 1922 and 1924 the British contribution to the motor-ship tonnage of the world rose from 37 per cent. to 47 per cent., and the German declined from 22 per cent. to 19 per cent. It seems probable that the German price is to be explained partly as a deliberate cut made to ensure a sensational entry into this market and to create the impression of some intrinsic Teutonic superiority, and partly as the result of the cumulative effect throughout German industry of present low labour costs—of the combination, that is, of long hours, low wages and the absence of trade union restrictions.

The effect of this contract has undoubtedly been to put British industry on its mettle. Neither the employer nor the worker believes for a moment that the Germans know more about building ships or marine engines than he does, but they are both forced to recognise that shipyard costs must be brought down if the skill and experience acquired over generations are to be enabled to bring contracts to this country. In March the shipbuilding unions were presenting wages claims. By agreement with the employers they are now about to enter on a joint conference to consider the whole position of the industry and the burden of costs which are within and of those which are outside its control. It is too early to speak with confidence of the possible results of such an enquiry. There are clearly many factors, such as transport charges and local rates, which neither the employers nor the men can directly influence. But the joint investigation into these and other matters is at least a recognition that all those engaged in the industry are bound by a community of interest, and there is no reason to doubt that by active co-operation between them shipbuilding in this country will be able gradually to resume its old position.

Similar problems, though in a slightly less acute form

Introspection in Industry

perhaps, confront the engineering industry, and the German motorship contract has cast its shadow over the discussions which have now continued for some months between the Employers' Federation and the engineering unions. The employers met a claim for an additional £1 a week by a demand for a preliminary discussion of working conditions. Negotiations appeared to have reached a deadlock when the evidence of severe foreign competition and the falling off in new business enabled the Minister of Labour to bring the parties together again. The question at once arose whether wages or working conditions were to be first considered and the men's representatives found themselves compelled to refer to their unions for instructions. At the subsequent meeting the employers cut short discussions as to procedure by making the men an offer designed to cover a small increase in wages rates without any addition to working costs. The proposal is that the hours of labour should be increased from 47 to 50 for day-shift and from 47 to 52½ for nightshift, the hourly rate of pay remaining the same as at present. The present war bonus of 10s., which is added to a man's earnings on the hourly basis, would be increased to 12s., and the rates of payment for overtime and night-shift would be reduced from the present rates of time and a half and time and a third respectively. These are no doubt far-reaching changes in the sense that they involve the sacrifice by the men of some of the special conditions which they obtained after the war, but the new rates and hours would enable the great majority of the men to add to their present earnings and yet, by enabling employers to reduce working costs, would strengthen the competitive power of the industry. The men are taking time to consider the offer, which, it is obvious, places them in a difficult position. Few of the leaders and fewer still of the rank and file have any desire for a strike or any illusions as to the menace of a strike in the present state of trade to the future of the industry. Nor indeed would a refusal to work another

Introspection in Industry

three hours a week, at a time when the chief competitors of the industry are working eight to thirteen hours longer, be the kind of issue likely to be vindicated by a strike. For these reasons it is not improbable that, while the further negotiations may be protracted, a settlement compatible with the permanent interests of the industry will be reached in the end.

The miners find themselves confronted with a choice even harder than that of the engineers. They can, if they wish, terminate the present agreement by a month's notice in June. Their difficulty is to know what arrangement they can propose in place of it with any prospect of improving their present position. Conditions under the present agreement have steadily deteriorated, and it is clear that unless trade improves the industry as at present organised cannot continue to pay the existing wages. The number of miners unemployed has increased by 5 per cent.—or 50,000—in twelve months and the average number of working days per week has diminished over the same period. Pits are being closed in almost all districts. In these conditions it is not surprising that the National Delegate Conference held at Blackpool in February was distinguished only for divided counsels. Every district had its own views as to the modifications to be demanded in the present agreement and they were different from those of every other district. The Conference decided to circulate them all for further consideration—a procedure hardly calculated to produce quick results. It took other decisions, however. The Hodges school was able to secure the continuance of the discussions with the owners as to the state of the industry, and the Cook school obtained leave to confer again with the railwaymen, transport workers, engineers and other unions with a view to possible joint action. Finally, as a confession of faith, if nothing else, the Miners' Minimum Wage Bill was to be introduced again into Parliament. The Bill has advanced to its inevitable rejection, and the attempt to revive the Triple Alliance or something

Introspection in Industry

like it as a weapon of offence has clearly failed in face of the outspoken opposition of most of the responsible leaders of the Labour party and of the other unions.

As regards the conversations inside the industry, an agreed statement as to the progress of their joint investigations has been published by the coal owners and the miners. The first task undertaken by the Joint Committee was, it appears, to establish all the facts relevant to the present state of the coal mining industry. That task has been practically completed and the Committee is now proceeding to enquire into the causes of which those facts are the effects and will subsequently consider what remedies can be applied. The importance of this statement lies for the moment less in the summary of the facts which it contains than in the evidence which it affords that the enquiry is being pursued in a rational manner by both sides. It may be too much to hope for unanimity at all stages of the enquiry, but in any event the Committee will serve a most useful purpose if it continues to divert attention from the dogmas of the theorists to the economic realities of the situation. We think it best to defer any further comment on this preliminary statement until the Committee has finished its work.

Delay and second thoughts have been imposed on the shipbuilders, the engineers and the miners by the hard facts of the industrial situation. Those facts have reacted similarly on the claims of the railwaymen, which have still to come before the National Wages Board. Months are being profitably occupied in the subsidiary task of finding some form of conciliation machinery for railway shopmen acceptable to the craft unions and the companies as well as to the National Union of Railwaymen. Mr. Thomas and the other leaders of the men have wisely endeavoured to avoid making rash promises or raising false hopes, and there would seem to be some prospect that the insistence of the companies on a reduction in operating expenses, for which there is ample warrant in the traffic returns, will

Introspection in Industry

be judged in an atmosphere of reason rather than of force. For the moment, it is left to the building trades to carry on the tradition of threats and obstruction. Lord Bradbury's Committee, after considering their claim that engineers employed on the erection of steel houses should receive building trade wages, rightly decided that the claim was inadmissible because it would effectively prevent all progress in industrial methods. It is a finding strongly supported by public opinion, and the building trades, in spite of their considerable experience in the art of defying that opinion, may find it difficult to enforce their threat to stop work on housing schemes wherever engineers are employed at engineering rates on steel houses. It is significant that the Committee's report was signed by the only Labour member, Mr. Cramp, the Secretary of the National Union of Railwaymen.

We have already referred incidentally to differences of opinion in the ranks of Labour in regard to industrial questions, and nothing, indeed, in the developments of the last three months is more striking than the growth of disunion both on the political and the industrial sides of the Labour movement. At a time of crisis, when difficult and unpalatable decisions have to be taken, dissentient voices may be expected, but on to this natural divergence of view there is now superimposed a serious of acrimonious personal controversies. Mr. Cook roundly abuses Mr. Hodges, who confides to an interviewer his contempt for Mr. Cook. Mr. Snowden profits by an article he is writing in the Sunday Press to inform the miners, with some apparent *Schadenfreude*, that in preferring Mr. Cook to Mr. Hodges they signed their own death warrant. Mr. Herbert Smith, for the Miners' Federation, replies in a not undignified letter telling Mr. Snowden to mind his own business. Mr. Wheatley announces that "the Labour movement at present is not in a fit state either to fight or to negotiate," and that "the great trade unions are a mere shadow of their former selves." Mr. Fred Bramley, in a

Introspection in Industry

long and controversial reply in the *Daily Herald*, remarks that if anyone ought to know what unsuccessful negotiation is, it is Mr. Wheatley.

Apart from the personal antipathies underlying these disputes they are a symptom of the split between the Communists and the Anti-Communists, to which attention was drawn in the last number of *THE ROUND TABLE*.^{*} Whether the Communist movement is making headway amongst the rank and file of the unions is not easy to determine, but there can be no question of its growing influence on the formal organisation of trade unionism. Of that ample evidence can be found in the negotiations of Mr. Purcell and his friends on the General Council of the Trades Union Congress with the representatives of the Russian trade unions. At the last meeting of the Amsterdam International, the British delegates exerted themselves, in the face of the general opposition of the Continental unions, to bring about unconditional negotiations with the Russians for reunion. Having failed in this, they have since met the Russian representatives in London and have undertaken to press the same demand again in Amsterdam and even if necessary to secede from the Amsterdam International. That strange method of bringing about reunion now stands as the considered policy of the controlling body in the British trade union movement. But it has been denounced by Mr. Ramsay MacDonald, Mr. Snowden and many other leaders of Labour and is clearly viewed with apprehension by many even of the extreme organs of Labour opinion. No surprise need be felt if these encounters develop into a pitched battle. The whole spirit and intentions of Communism are antagonistic to the traditions of the Labour movement in this country. The avowed aim of the Purcells and the Cooks is not the restoration of industrial prosperity but the overthrow of the Capitalist system. Hitherto it has

* *THE ROUND TABLE*, No. 58, March 1925, p. 307.

Introspection in Industry

tended to be the policy of the orthodox trade union leader to press for concessions from the employers in an industry even against his better judgment, in the hope of placating Communist opposition and weakening Communist propaganda. That policy was never likely to succeed, since Communism, with all its faults, has at least the strength to be implacable. Signs are not wanting that the opponents of Communism in the Labour movement will be driven to fight it openly even though they find themselves ranged alongside the employers, and in that event it should not be impossible to reach a *modus vivendi* which would guarantee the competitive power and therefore the survival of our staple industries.

So far we have been concerned with the efforts that are being made at this moment inside industry to restore conditions in which the present abnormal unemployment can be gradually reduced. Those efforts may be summed up in the phrase "the reduction of working costs, though not necessarily of workers' earnings." If by the co-operation of employers and employed that method can be effectively pursued, it is the best method because it contains the possibility of permanent success. No other method can offer anything but a palliative, and palliatives are usually dangerous because they contain no incentive to efficiency. None the less, the use of palliatives in the crisis of the last few years has been inevitable, and such things as relief works, the Unemployed Grants System, Export Credits and the Trade Facilities Acts have served a most useful purpose. There is still an influential body of opinion which is appalled by the magnitude and the apparent permanence of the unemployed problem, and is therefore inclined to seek remedies in bold and novel schemes with which the State in some way is associated. The proposals recently put forward by Sir Alfred Mond and which have rightly received widespread notice are in this category. The Mond scheme is founded on the idea which has occurred to many minds that it is better to pay a

Introspection in Industry

man for working than for doing nothing, and that the dole could be more profitably utilised to subsidise employment than to relieve unemployment. In itself that is clearly an attractive conception ; the difficulties arise in its practical application. Sir Alfred Mond suggests that employers should be invited to notify to a Committee the number of additional workers whom they are prepared to engage on full time at full trade union rates for a period say, of six months after an appointed day, and that in respect of 75 per cent. of these men they should receive the whole of the unemployment benefit which it is assumed that the men would otherwise have drawn. In this way the labour cost per unit of output over a whole factory would, it is suggested, be reduced and this result in itself would stimulate trade. Safeguards against abuse and against the indefinite continuance of the system would be provided. It seems probable that a full inquiry into these proposals may be instituted by the Government, and for the moment we wish only to indicate some of the objections which in our opinion outweigh any advantages of the scheme.

Let us for the moment make the assumption—which, as we shall show, may be quite unwarranted—that the operation of the system would in fact diminish unemployment in the trades to which it was applied. It could only do so at the expense of perpetuating one of the fundamental causes of the present industrial crisis, and that is the unbalanced distribution of the available labour force. Any proposal, which tended to restore to mining or engineering their supernumerary workers, and did nothing to increase the workers in industries in which labour is deficient, would be bound in the long run to do more harm than good. Moreover, it must be remembered that the dole is drawn from an insurance fund, to which both workers and employers contribute as well as the State, and that serious difficulties would probably be encountered in obtaining the general consent of those who contribute to the fund

Introspection in Industry

to its application for a purpose which Labour has already described as a subsidy to capitalist profits.

There would appear to be other serious practical difficulties which cut at the root of the proposals. If an employer is to obtain contracts which he would not otherwise have obtained, he must be in a position in tendering to estimate with reasonable accuracy the value to him of the subsidy which he is to receive from the insurance fund for the additional men taken on. That value depends not simply on the amount of the payment, but on the prospect for the employer of being able to keep his normal quota of men fully employed on other work during the whole period of the contracts which he is seeking to obtain. In the heavy industries this means that the employer must see work ahead for his normal quota of men for a year or even two years, before he can have any confidence that in engaging additional men and accepting the subsidy he is not adding to his commitments instead of relieving them. It seems clear, therefore, that the scheme can only benefit those employers who already have a large amount of work in hand and that none of the innumerable firms which are struggling to find work for the men now on their books will be able to incur the risks of engaging additional men even for the sake of the subsidy. Such a result would be unfair in itself, and it suggests a grave doubt whether the scheme would not lead simply to the transfer of men from one firm to another without any increase in the aggregate volume of employment.

Whatever ultimate judgment may be formed of the Mond scheme or of other ambitious proposals for State intervention to assist industrial recovery, there are obviously certain limited spheres within which by general consent the State can legitimately be called on for its share of effort or of sacrifice. Where, as in regard to the development of electricity supply, progresss is obstructed for reasons which can be removed by legislation, a Government which remains inactive is open to serious reproach. Of even

Introspection in Industry

greater importance is the question of national finance. In its Budgets a Government can either stimulate or depress trade and industry. Mr. Churchill's Budget was awaited with great expectations by the industries of the country. In the announcement of the return to the gold standard, there is in our view a clear and permanent contribution to the ultimate recovery of industry. In some other parts of the Budget, however, Mr. Churchill's proposals are open to serious criticism. The remissions of taxation can be of little benefit to those industries which are most in need of assistance. The silk tax, and more particularly the tax on artificial silk yarns, will, if imposed, not merely retard the growth of a prosperous and developing industry, but will dislocate the cotton trade at a time when it is showing signs of recovery from a very grave crisis. The new pension scheme, whatever its social merits—and we are in full sympathy with them—and however attractive politically as a counterblast to Socialism, imposes in its present form a burden on depressed industries which many of those engaged in them feel that they may be unable to bear. Public economy has been and still remains the most useful contribution which Governments can make to industrial rehabilitation.

THE INDIAN RURAL PROBLEM

Last September we published an article from an American pen which was largely concerned with this problem. We now give the views of a practical agriculturist who has spent many years in personal contact with it.—EDITOR.*

INDIA enjoys many advantages. She has a good soil for her staple crops, a good climate, a fair supply of moisture in the shape of rain or water for irrigation, a fair railway transport system in parts of the country, and plenty of people to work the land. And yet, there is a rural problem. Its existence is due to the following disadvantages. The country population is largely illiterate, poor beyond reason, inert, hard to move, helpless and despondent. It accepts with pitiful resignation the blows of fate and makes little struggle to improve its standard of living. It sees small value in such education as is at present available in the country districts. It also suffers from preventable disease, pays a heavy toll of life to improper sanitation, gives little thought to proper food or housing, suffers illegal exactions without open protest and if it gets a little extra money as likely as not spends it in an unproductive and extravagant manner. It refuses, moreover, to accept responsibility for its own backward condition and hardly responds at all to the *stimuli* which arouse the rural population of most other civilised countries. Why is this condition of things allowed to prevail? What are its root causes? Who is responsible for it and for this

* THE ROUND TABLE, No. 56, September 1924, p. 741.

The Disabilities of Rural India

appalling lethargy ? How is the responsibility to be apportioned between the Government and the people themselves ? Are any of the disabilities due to class conflict like that which divides landlord and tenant ? Have the religious beliefs of the people anything to do with them and if so will religious reform have to come before economic betterment is possible ? What of social customs, which, though at one time beneficial, to-day need modification to fit modern conditions ? Can the disabilities be removed ? And if so, how ?

In order to deal with these questions, we must group the various disabilities under their proper heads. Many of them have their roots in social custom.

I. THE DISABILITIES OF RURAL INDIA

IN the first place, under the joint family system the workers of a family have to support its idle members, and this not only discourages the workers but retards progress for all. Agricultural holdings have, moreover, to be subdivided into scattered plots which are often too small to give an economic return, with the result that farms frequently will not provide a reasonably decent living for an average family.

In the second place, early marriage brings children to young immature women before they are old enough to look after them properly. This means a high rate of infantile mortality. But early marriage is equally bad for immature youths. It checks both their mental and their physical development and affects their vigour.

Thirdly, in some parts of rural India women are secluded, and where this is the case it means that half the population is restricted to work in the home and that its help is not available at times when the demand for farm labour is greatest—e.g., in the harvest. The serious economic disturbance and waste which result from this custom is

The Indian Rural Problem

pointed out by Calvert.* Women who are secluded, moreover, suffer educationally from having no chance of travel or of mixing with other people and sex consciousness is given undue prominence. Such women, too, are apt to be superstitious, lacking in vision and a prey to timidity. They naturally lack courage, because there is nothing in their life to bring it out. But it goes further than the woman herself. We all realise the extent to which the influence of the mother affects the development of the young. If the mother is illiterate and lives in seclusion she will have nothing to pass on. She can only give what she herself possesses.

Fourthly, the free movement of labour from one occupation to another is restricted by caste. Many are condemned by it to work at degrading tasks just because it is believed that they are ordained for them. Caste also prevents the full and proper utilisation of waste animal matter, such as manure and human excretion, for agricultural purposes. The carcases and bones of animals, too, are largely wasted because caste usage forbids the majority of Hindu farmers to handle them. Most Indian soils respond to the application of bone dust, yet a large proportion of the bone that India produces is exported to Europe or America, because caste prevents Indian farmers from making use of it. Caste, too, is against education for the outcaste ; it wants to restrict him to his menial and debasing tasks, and the "caste" man is afraid of the low caste man rising in the scale, lest such tasks should either have to be performed by himself or left undone. Yet, the real solution lies in the use of mechanical appliances for low caste occupations. The "caste" man does not yet realise that if one-ninth of the population are degraded, debased, conscious of their social inferiority and without any opportunity of rising out of their filthy surroundings and unpleasant occupations, or hope for the future, they

* *The Wealth and Welfare of the Punjab* by H. Calvert, Registrar of Co-operative Societies in the Punjab.

The Disabilities of Rural India

are bound to act as a drag on the progress of the rest of society. Mahatma Gandhi in his presidential address before the Indian National Congress urged his fellows to lift up the outcaste. This appeal was followed a few days later by a public meeting of orthodox Hindus in Bombay, who repudiated Gandhi's recommendation that ordinary human rights should be granted to the outcaste, and a recent Hindu writer asks if his views about untouchability are due to sentiment or based on study. He affirms that caste lies at the core of Hinduism and that untouchability is a necessary corollary of caste.

Fifthly, the regard, even veneration, which some of the people have for all forms of animal life prevents them from restricting its multiplication, even when it comes into direct economic competition with man for the produce of the soil, or makes it impossible for him to develop it to its full capacity. The annual economic loss represented by the surplus cattle of British India amounts to over four times its yearly land revenue, and the loss in cattle which, though not "surplus," are ineffective, is equally great. The following quotation from the Proceedings of the Board of Agriculture in India is full of significance.*

What impressed the speaker was the complexity and many-sidedness of the cattle problem in India. The statistical figures issued by the Government of India showed that there were approximately 146 million bovine cattle in British India consisting presumably of 73 million males and 73 million females. There were 65 bovine cattle to every 100 acres of cultivated land and 61 bovine cattle to every 100 of human population. There was, therefore, competition for the produce of the land. The ox was now, and must continue to be, the main source of power required by the Indian farmer. The cow was the chief source of milk, one of the most important articles of human food. The present cultivated area of India was some 212,000,000 acres. Assuming that oxen and male buffaloes only were used and allowing one ox for each five acres, 42·4 million oxen would be required. Twenty per cent., or 15·6 million could be allowed for young stock, for breeding, for city use and for those

* See Proceedings at Bangalore on January 21, 1924, and following days.

The Indian Rural Problem

too old for work. This left a surplus of 16 million oxen which at a cost for food of Rs. 6 per mensem or R. 72 per year totalled Rs. 1,15,20,00,000 or £76,800,000.

The milk, butter and ghee requirements of British India, allowing one pound of milk per day per person, called for 120,535 tons of milk per day. It might be assumed that the 12 million female goats of India produced 2,535 tons of milk per day. This then left cows to produce 118,000 tons of milk per day. This meant one cow per family of five persons. But five pounds of milk per day, i.e., 1,825 lbs. of milk per year, was probably above the average. A cow, however, giving this amount of milk was just about on the margin of profitable production. She was a non-profit cow; a cow giving less would involve an economic loss.

It might be assumed that 16 per cent. of females or 11·68 million were too old, too young or barren, which would leave a surplus of 8·5 million cows, which at Rs. 72 per year come to Rs. 61,20,00,000.

Rs.	
The surplus oxen cost	1,15,20,00,000
The surplus cows cost	61,20,00,000
Total.....	Rs. 1,76,40,00,000
or, at Rs. 15 to the £,	£117,600,000.

The land revenue for British India was 36 crores, so that the annual economic loss due to surplus cattle was over four times the land revenue.

The cost of a large number of cattle was of importance in the economic life of India. It was necessary that careful attention be continually exercised so to improve them as to reduce the increasing pressure on food supplies. The cattle in India should continue to fulfil their economic rôle of providing the power and milk to ensure development of the country. He felt that for the amount of cattle food there were too many cattle in India. What India wanted was not more cattle but better cattle. If he required 2,000 lbs. of milk per day, it made a marvellous difference in cost if he could get his requirements from a few cows. It was due to attention to this that had brought certain countries, which formerly were worse off economically than India, to their present sound financial position. He referred to Holland and Denmark. What had brought prosperity to certain parts of the United States, which were hopeless under their old system, was not more cattle but better cattle.

What other country on earth pays such a staggering price for the veneration of an animal? The annual economic

The Disabilities of Rural India

loss is greater than the total revenue of British India. Besides this, the monkey, the flying fox, the squirrel, the jackal, the porcupine and the rat do more to prevent commercial orchard farming than can easily be estimated. They certainly destroy much that would help to raise the standard of living for human beings. Orchard farming should be one of the most profitable forms of agriculture. A cheap and abundant supply of fruit and vegetables is one of the best guarantees of good health that any people can have. But once monkeys and other animals take possession of a garden there will hardly be enough left to enable the owner to pay his expenses. If through sentiment he refuses to kill these marauders and tries instead to beat them off, it will cost as much in watchmen's wages and abstractions as if he left the orchard to them. The result is that in a country in which a large variety of fruit and vegetables can be easily and cheaply grown, millions suffer in health because they cannot get them.

When one sees the almost unbelievable economic waste which is simply due to surplus and unnecessary animal life in India, one marvels at the wisdom of the Old Testament which from the beginning ordained that man should "have dominion over the fish of the sea, and over the fowl of the air, and over the cattle, and over all the earth, and over every creeping thing that creepeth upon the earth." Modern India does not agree with this. She says, "Let the animals be at least on an equality with man, even if they do not have dominion over him." The price India pays for this is higher than the cost of the Imperial and Provincial governments combined. If the people would keep their animals in proper subjection, there is no reason why India should not be the most prosperous country on earth.

Some one, however, may say, "Yes, but after all, India does not put economic progress very high in the list of desirable things." According to the Hindu, there are three periods of twenty-four years each in the life

The Indian Rural Problem

of a man. The first is for education and marriage, the second for work and supporting his family, and the third for the contemplation of God and release from the world. During this last period he takes up the beggar's bowl and forsakes family, wealth and friends. This is the Hindu ideal. Contrast it with the West where if a man is fortunate enough to have made enough to enable him to retire from business at forty-eight, he does so in order to enjoy his savings and to travel and cultivate his mind.

In the West, getting on in the world is frequently measured by the wealth the individual has acquired. Not so in India. Getting on in life in India often means literally bodily nakedness, with nowhere to lay one's head and no certainty as to where the next meal is coming from. In the Hindu world, the test of "getting on" is detachment from practical affairs. To a people whose ideals do not include economic progress, economic disabilities are frequently of little or no practical concern. It is necessary to bring about a change of mind in India in this respect, not that economic progress is by itself a satisfying ideal or any better than the one it seeks to displace, but economic freedom is the basis of every kind of freedom. No nation economically dependent, can be politically, socially or religiously free.

A good example of the way in which economic development is subordinated to other considerations was the successful agitation over the Ganges weir at Hardwar, the place where the irrigation canal which is of such immense economic importance to the farmers of Northern India "takes off." Hindus insist upon an uninterrupted flow of water down the river channel and the weir for this reason had to be made with a gap in the centre. The result is, of course, a loss of revenue to the Government, but a much more serious consequence is that thousands of farmers are deprived of water for irrigation. The rainfall is precarious in the tract through which the canal flows and it is subject to periodical famines.

The Disabilities of Rural India

Irrigation facilities give a sense of security to the farmer. He cannot do without them, and it is poor comfort to him to know that he might have water but for an agitation largely engineered by wealthy persons and professional agitators.

Sixthly, the land tax is generally too low to enable the Government, which is responsible for the system of land tenure, to provide many collective and common benefits which are of vital importance for the development of any rural community. Enough money is not raised by taxation to provide good roads or a proper medical service, or a system of education which is adapted to the needs of the village child and to rural conditions.

As far as the roads are concerned, any observer can verify this by watching the main roads which lead into any of the cities of Northern India. The proportion of loads carried on people's heads or on pack animals to those carried in carts is an almost sure indication of the state of the roads in the surrounding country. Wherever the roads are good most of the produce will be brought in carts. A head-load seldom exceeds eighty pounds and is the most inefficient and expensive method ever devised for carrying bulky articles like fuel and fodder. The man who gets his crop to market in this way is at a great disadvantage. Large buyers will not waste their time on him. Small buyers keep him waiting for hours before making an offer. Frequently the price for the head-load is only the equivalent of a day's wage for a coolie, and his crop realises so little that he really loses money over the transaction. A bullock seldom carries more than 320 lbs. on its back, whereas on a good level road with a properly designed cart it could pull 2,500 lbs. as well as the cart.

One curious feature about Indian transport is the competition between the railway and bullock and camel carts. It exists wherever the line runs parallel to the cart road. It is no explanation to say that the bullock cart is loaded

The Indian Rural Problem

up at the starting-point and need not be unloaded till it reaches its destination, whereas stuff that is going by rail has to be carted to the station, there transhipped, and at the end of the rail journey again carted from the station to its destination. This would not even be an answer where the haul is a short one. Where it is fifty miles or more, the railway should be able to drive the bullock cart out of business. How is it it does not do so? The reason probably is that the railway gives such a poor service. Then there is delay in supplying wagons and in hauling the material after the wagons have been loaded, and the losses shippers incur through theft and gross carelessness for which the railway refuses to accept responsibility. The legal charges of the railway are reasonable, but the illegal exactions by the railway staff are a heavy handicap on business. The shipper usually has to pay a bribe. The warehouse facilities are also very poor. At the beginning of the rains, one frequently sees large quantities of grain lying soaked and practically spoilt on open platforms waiting for shipment. Unless a shipper pays extra to get a proper supply of wagons, he may be ruined. The legitimate revenue of the railway is curtailed by this sort of thing, but the loss is invariably passed on to the producer.

The failure of the railways to handle freight economically, moreover, throws a burden upon the cart-roads that they were never meant to bear and the cost of their upkeep is in consequence enormously increased. As, however, this cost comes out of the taxes, and no direct dividends are involved, people take it as a matter of necessity from which there is no escape.

Cheap, rapid and safe railway transport along the line of the trunk roads would take thousands of ox-carts off them and free men and oxen for more profitable tasks. Furthermore, there are five different railway gauges in India and this necessitates a great deal of transhipment. Some of the richest districts of India are served by narrow

The Disabilities of Rural India

gauge lines, but no such line goes to an Indian port. The expense involved in all this trans-shipment imposes a heavy though avoidable burden on the producer.

The rural poor suffer from other illegal exactions beside the kind mentioned above. The landlord, for instance, not infrequently keeps a bodyguard to enforce his unlawful demands by violence. A neighbour and former pupil of the writer, being much interested in agriculture, spent a good deal of time on the writer's farm. Seeing his difficulty in getting labour, he offered to supply a body of men who would do what they were told. To be kind to the poor might, he said, do as a code for a missionary dreamer, but as a practical man he knew it would not work in India. Kindness, he averred, was wasted upon such people, who would take advantage of it and consider it a weakness. The only way to get work done was to force the people to do it and they would not work till their fears were aroused.

One day, the writer saw some strange men idling in his fields. Supposing that the foreman had engaged them for the harvest, he ordered them to get to work. Months later, it appeared that these men were the henchmen of his neighbour who had sent them there in anticipation of a police inquiry, so that the writer could be called to prove that they were at work in his fields on that particular date. A *Bania* who lived in a neighbouring village once forced some labourers to work on his land. The same neighbour thought, however, that these labourers ought to be working for him, so early one morning ten or a dozen men called upon the *Bania*, blindfolded and beat him, breaking his arms and shoulder. The police could get no evidence and so no case was brought. The neighbour also explained to the writer how he had sent his men to beat an uncle who was, he said, responsible for his father's death. The beating was so effective that his uncle had to be buried in the fields. The neighbour was tried for his life, but again no evidence could be secured. Ten

The Indian Rural Problem

men had taken part in the outrage but none of them dared turn "approver" lest he should himself meet with a violent death and also get his family into trouble. Nearly two years ago, however, this particular neighbour disappeared himself when asleep on his threshing floor. There was evidence of a struggle, but some days later a high wind caused the river to cut into its bank and laid bare a sack containing a body which proved to be his. Every bone in it was broken. The police again secured no evidence that would lead to a conviction.

When the writer suggests recourse to law to villagers who have been ill-treated the usual reply is that it might help him but it would only land them in worse difficulties. They have no faith in the protection of the law and are therefore hopeless and fatalistic. Nor do they put any trust in help from the police. Indeed they dread them even as protectors.

The extent to which rural India is in debt is a matter of common knowledge, but first-hand investigations would reveal an appalling state of things. In certain villages in Central India with which the writer was connected there was not a single cultivator who was not heavily in debt. Interest was in no case less than 36 per cent., and sometimes it was as high as 100 per cent. per annum. Frequently the money-lender would not give receipts for payments made, so that when a cultivator fell into debt he never got out of it. His produce was mortgaged to the money-lender on the money-lender's terms, and anything the debtor wanted had to be purchased from the money-lender on his own terms. The man had usually to endure a hand-to-mouth existence, for he could neither accumulate nor save anything. Frequently, he was practically tied to the land and denied free movement. He could not even take advantage of good markets. It is because of these fearful conditions that most people who know rural India are so enthusiastic about the rural Co-operative Societies, which already have great achieve-

The Disabilities of Rural India

ments to their credit, though there are not nearly enough of them for the needs of the country.

Another drag on progress is illiteracy. In many of the villages the writer could not discover a single person who was literate in any language. The villagers in consequence fell an easy prey to any agitator or demagogue who came along. When one of them paid money to his landlord or a money-lender, if a receipt was given him he did not know what was written on it, and often when he took away with him what he thought was a receipt it proved to be an admission that he was under further obligations to the money-lender. If such illiteracy were only found in isolated cases, it would not be so bad, but when a whole community is affected it is difficult to imagine a worse handicap. Its consequences are expressed in terms of pain, want, suffering and oppression. Rural indebtedness and illiteracy together reduce a large number of the people to a condition that is practically serfdom.

Another great disability is that owing to the inadequate size of village agricultural holdings there is not enough work to occupy the time of either the farmer or his oxen. There is work for a few weeks at ploughing time, at seed time and at harvest. There is also work for some members of the family in guarding the growing crops, but for a great part of the year the farmer has no way of properly filling his day. In a good many parts of India, 50 per cent. of the agricultural labourer's time is spent in enforced idleness. When it becomes a habit, such idleness unfits a man for ordinary steady work and makes him shiftless and irresponsible. In insisting upon hand-loom weaving and spinning, Gandhi has hit upon one of the essentials of the problem of rural betterment, but neither spinning nor hand-weaving is sufficient by itself. In the first place, there is caste restriction, and in the second, if everybody took to it the market would be glutted. Spinning and weaving should have a far more prominent place than they have at present among the rural industries of India,

The Indian Rural Problem

but new avenues must also be explored. The writer knows of no country in which the Government could with greater advantage set trained men to study the difficult problem of cottage industries. Agricultural districts might in this way be kept employed during the time when agriculture is slack. One reason for the low income of the Indian cultivator is that his remuneration in the long run rests on an efficiency basis. He earns little and therefore he is paid little.

Another handicap is the lack of effective tools. One way to expand village industries would be to introduce modern farming implements. The agricultural outfit of the ordinary Indian farmer is limited in quantity and badly designed. The underlying idea might have been to get the minimum of result with the maximum of effort. No one could do more with such tools than the Indian farmer does. He knows that hot-weather ploughing leads to greater fertility, enables the soil to absorb and retain water better and to yield heavier crops, but with his little iron-tipped wooden plough he can only make the barest scratch on the hard sun-baked ground. No matter what he knows of theory, he is rendered helpless through the poorness of his tools. The same thing hampers the whole range of his activities. No wonder, though he is a miracle of uncomplaining resignation, he gets discouraged, and all honour to anyone who can implant in him a discontent which will give him resolution to free himself from the despotism of circumstance. Indian agriculture will never improve, or larger crops be reaped, or the cost of production lowered, till modern tools suitable for use with bullocks are obtainable by the cultivator at a price that is within his reach. Such tools are already obtainable, and they would bring work of a higher grade than they are now doing to thousands of village carpenters, blacksmiths and masons who would have to keep them in repair and put together new implements. Wooden and iron parts could even be made in the villages

The Disabilities of Rural India

if standard steel parts were turned out by Tatas or other Indian steel manufacturers by mass production methods.

Another thing the farmer suffers from is the want of fences. His crops are frequently raided by stray cattle and wild animals ; but it should be easy to start the weaving of wire fencing in the villages. The wire could be brought to them in large compact rolls and much freight saved.

Then, there is *Katchcha*. According to the writer's observations, the annual loss due to this cause alone is a severe annual drain upon time, labour and material. By *Katchcha* is meant whatever does not last ; the temporary, the impermanent, the unstable and the insubstantial ; that which is eaten by white ants and moths, or easily destroyed by the weather and the rain. An example of it is the use of mud for roads and houses. Then, there is string made of grass, beams made of bamboo or immature, unsuitable wood, and grass or leaf thatch. *Katchcha* is used too for furniture and implements. The one thing in its favour is the cheapness of the material. But *Katchcha* materials are frequently insanitary, and they also harbour vermin, reptiles and dangerous insects. They need repairs or renewals nearly every year, and as for mud buildings, the writer's own experience is that they are an expensive luxury. A shed of bamboo and grass thatch about 200 ft. long and 30 wide over his own silos had in ten years' time swallowed up about Rs. 6,000 for maintenance. Heavy rain came through it ; there was always the danger of fire, and white ants, snakes, rats and scorpions lodged in it. Opposite this shed was another with iron pillars and trusses and good Frizzoni tiles which cost about Rs. 8,000. At the end of ten years this second shed was practically as good as new, though the bamboo and straw structure was not worth Rs. 100. So a new shed with iron pillars and supports and corrugated iron roof was decided upon at a cost of some Rs. 4,000. It will be good for twenty years at least, though it will not last as long as the iron and tile one. When one discusses this question

The Indian Rural Problem

with the villagers, they agree from politeness, but then go on to say that grass costs them nothing, and it is the same with the wood and the rope. It costs them nothing because they work on it in their spare time. But the land which grows the grass, bamboo and jungle wood might easily be producing a crop of economic value, and the proper organisation of rural life would enable the farmer to occupy profitably the hours which are not taken up by farming. Again, the renewal every year of the *Katchcha* adds little to the permanent fixed capital of the country. But there are materials at the villager's disposal, which could be "worked up" by different method in such a way as every year to add large sums to such capital. Mud could be turned into bricks and tiles; wood could be treated with creosote; lime could be burned and used for mortar instead of mud. Then there are large deposits of iron which were worked once upon a time and could be worked again. If half the work and material which to-day are expended on the renewal and repair of *Katchcha* were to be devoted to the erection of permanent buildings and equipment, an annual saving of crores of rupees would be available for development. At present the country is financially exhausted because every year it spends large sums which lead nowhere. Permanent buildings not only make life more comfortable and decent and less insanitary, but they also create a pride in ownership. A sense of stability is bound to have a good influence on the national character.

Last but not least, there is Hindu-Mahomedan strife, and it is one of the greatest of the disabilities under which India is labouring. It seems to pervade the entire structure of society in both communities. In each of them there are undoubtedly enlightened individuals who say that as Hindus and Mahomedans exist side by side in India, they must remain there; neither can oust the other. A way must be found which avoids religious interference; there must be tolerance, more than that, in every sphere outside

The Writer's Conclusion

religion there must be cordial agreement and harmonious co-operation. A good many Hindus and Mahomedans with whom the writer has talked admit that this is a great ideal to work for, but with human nature as it is, it will, they say, never be realised, and it is almost impossible for the two religions to pull together. Religious strife leads to so much mutual suspicion that it is difficult to get these two religions to agree upon any common programme for the benefit of the community. Persistence in discussion too often only results in religious animosity flaring up more vigorously than ever.

But there is also strife between the various castes of Hinduism itself and between the different sects of Mahomedanism. Gandhi himself has recently been unsuccessfully trying at Vaikom in South India to persuade orthodox Hindus to admit that the untouchable is a human being with some human rights. In the case of the Mahomedans, strife between different sects led to serious riots and loss of life within the last year or two at a village in the Allahabad district. The different castes inside Hinduism and the different denominations of Mahomedanism also say that it is impossible for their internal strife to cease. The writer, who has given long consideration to the subject, is forced to the conclusion that there will never be harmony in India until she follows Christ's teaching.

II. THE WRITER'S CONCLUSION

THE solution of the rural problem of India, then, depends upon a number of things, but more than anything else upon a change of attitude. And by this is meant a change, not only of mental outlook, but of moral and religious outlook as well. If it can be brought about, most of the disabilities from which rural India is suffering can be removed. Without it, all remedies are bound to prove superficial.

The Indian Rural Problem

But there is no reason to despair. Conditions are bad in India, but they are no worse than they have been in other countries that have made great progress. Mommsen gives a description of the world about the time of the coming of Christ that makes depressing reading. The apostle Paul describes the Roman Empire in terms that are anything but encouraging. The growth and development of public opinion in India among both Hindus and Mahomedans is, at all events, a hopeful sign. And there are others. Mr. Gandhi's efforts to induce his countrymen to raise the status of the outcaste have been already mentioned. It is admitted that the cruel treatment which caste involves hurts the high caste more than the low caste. Dr. Gour is working to get the age of consent raised. The Servants of India Society too have a splendid programme of social service. Recently in the United Provinces' Council a private member wanted to introduce a Bill to impose heavier punishment on bribery and corruption on the part of officials, especially of those in the Government service. These efforts—and there are others as well—constitute so many direct challenges from within to social sanctions that are as old as the ages and hedged about with a religious atmosphere that makes them difficult to touch. Every encouragement should be given to these reformers, many of whom endure persecution for righteousness' sake.

The task of solving the rural problem is so complex, so huge, so elusive, that many would leave it alone. This, however, is a counsel of despair. Recognition of the difficulty of the task is, at all events, a guarantee that thoughtful people will not expect a cheap, easy road to success. It should ensure a detached survey of the whole problem and the adoption of adequate methods. The first condition of success is a thorough system of education of the kind that has worked a revolution among the negroes and "poor whites" in the Southern States of America. There one finds a system that is equally suitable for village

The Writer's Conclusion

boys and girls, and for adults. It recognises too that it is not enough to reach only the men. The women must be taught better housekeeping and how to bring up their infants. The mother is indeed, as has already been suggested, the keystone of the arch.

Then, the actual teaching in the village school must be adapted to the needs of village life. The present system of primary education is really based on the requirements of the city child, and there is little love for it in the villages. This explains the frequent relapse into illiteracy which is such a disturbing feature of rural education in India. The interest of the child having never been aroused, he naturally turns as soon as he is out of school to other things and forgets all that he has been so painfully taught there.

Fortunately, there are modern systems of teaching which will remove these obstacles. The project method, which has been so successfully used at Moga, educates the child by arousing his interest. He wants to come to school. It is punishment to make him stay away. Why? The answer is that all human beings have a desire to create, to do things, to make things grow, and this method plays upon it. Its essence is that the child teaches himself, the teacher's function being to guide. The pupils are eager, and their curiosity being fully aroused, their minds are naturally active.

There should be a rural school of this kind within reach of every village child in India. Land will be needed for a garden, for in it the children must learn to use the best seed and the best methods. When the parents see that the school crops are better than their own, their interest will also be aroused, and they too will demand to be taught. That is where the agricultural adviser or demonstrator, who has done so much to improve the standard of crop production in America, will come in. A graduate of an agricultural college, he takes improved seed and persuades the adult farmer to follow his directions on his own farm. In this way self-confidence is developed, for it is the

The Indian Rural Problem

farmer himself who secures the results. The demonstrator will also tell the people about machines which will reduce labour and costs and at the same time increase the yield and the profits. Such machines are often beyond the reach of a single farmer, but a small co-operative group could buy them and put them to a profitable use. The idea of working together should be applied not only to buying and selling, but to every kind of social activity. In this way *esprit de corps* and sectional loyalty will be developed.

The school should also be a centre for the spread of medical knowledge. Preventive medicine is especially needed to forestall diseases, such as leprosy, hookworm, malaria, enteric and dysentery, which to-day not only kill a number of people but are also a direct cause of industrial inefficiency and economic waste.

It will be clear then even from this imperfect survey that the rural problem is a real one. A solution is imperative, for the lives of millions of people are being adversely affected. To wait until the political tide is running less strongly would be criminal. The effort will be costly, both in lives and money, but the end is worth it. India taking her rightful place among the nations, bearing her share of the common burden of the world, making her full contribution to the world's needs, may be a dream, but it is a dream that patient, painstaking men and women working together can, through God's help, make a glorious reality.

India. April 2, 1924.

UNITED KINGDOM : A MIXED BUDGET

THE session of 1925 may be taken to begin with the Budget. It is an effort to recall any of Parliament's earlier doings this year. Mr. Baldwin's appeal for an industrial truce, with its implied rebuke to some of his supporters, is a remembered personal triumph. Otherwise it has been a featureless road. Labour ex-Ministers have been pointing with satisfaction to the fall in the circulation of Hansard as testimony to Labour's hold on the popular interest and to the chill indifference with which the country regards the feebler activities of their successors. Their opponents would remind them that the vigilance of last year's subscribers to Hansard may have been more apprehensive than sympathetic. At all events, the Sleepy Hollow that Labour derided is now echoing with the genuine clash of controversy. Mr. Churchill's first Budget has not provided for the miracles expected nowadays from every Chancellor of the Exchequer and demanded with confident emphasis from him. But Mr. Churchill has a great capacity for being everything but dull, and neither his Budget nor his Budget speeches have disappointed in that respect. In the art of argumentative exposition no one in present-day politics surpasses him for brilliance and variety. His Budget speech was the expected achievement of forceful and persuasive lucidity. Mr. Churchill may have felt that he was vindicating his father's frustrated tenure of the Exchequer as well as justifying the bold stroke of Cabinet-

United Kingdom : A Mixed Budget

making which, a few months back, advanced the private member, distinguished but isolated, ex-member of both parties and still not avowedly member of either, to the highest political office within the gift of a victorious party leader. It was the opinion on all benches of the House of Commons at the close of his speech on April 28 that if masterly exposition is a test he had amply discharged his debts to past and present.

After the manner, the matter. A closer inspection of the Budget framework revealed an ingenious balance of detail, a canny distribution of benefits, but hardly the new dispensation in virtue of which the country is to live cheaply ever after. That is naturally not Mr. Churchill's fault. In truth, the Budget marks our arrival at a turn in the road from which we begin to see how much climbing has still to be done. The almost automatic reductions in annual expenditure, reflecting the change-over from war to peace, have come to an end. The anticipated expenditure for the coming year actually exceeds last year's estimate by £9,400,000 and last year's actual expenditure by £3,700,000. Mr. Churchill explained that three successive general elections, involving a change of Government at the time when, in each year, the balance should be struck between policy and expenditure, have weakened the control of the Treasury over the spending departments. He undertook, in the reasonable expectation that the present Government will be secure against disturbance for two or three years, a systematic investigation of charges in the future with a minimum saving of £10,000,000 each year as its objective. At the same time, he did well to give the warning that henceforth the pleasures of tax remission must be won by the grim pains of economy and that the ambitions of party policy cannot be indulged except at increased cost to the taxpayer. Special receipts and terminable war charges count for little now on either side of the balance sheet. There is no more water to be wrung easily out of the sponge.

United Kingdom : A Mixed Budget

The Return to Gold

The brighter side of financial rectitude, however, was displayed, as well as its darker. Before turning to the year's finance, Mr. Churchill announced the expected decision of the Government to return to the gold standard. The Act controlling the export of gold will be allowed to lapse at the end of the year. In the meantime general licence to export is given to the Bank of England. It is unnecessary to re-enter here into the merits of the decision. They were fully discussed in an article in the last issue of *THE ROUND TABLE*.* It is true to say that the decision has been received with widespread satisfaction, though estimates of its immediate practical benefits may vary. Some industrialists, of whom Sir Alfred Mond is the most prominent, are opposed to it. They fear a contraction of credit, with the object of equalising the price-level in England and America, and consequent injury to employment. Their fears are shared by Labour. Labour is officially committed to the principle of the change, but doubts its expediency at the present time. Mr. Snowden led the opposition to it in the House. But as Mr. Snowden, only a few weeks earlier, had argued the virtues of the gold standard with great cogency in a newspaper article, his criticisms turned upon a distinction too fine to be convincing. It is stated for the Government that the present difference between British and American prices is smaller than it was before the war. Up to the present there is no movement promising the fulfilment of these fears. Lord Beaverbrook's Press is more consistent in its hostility. It contends that Britain, by this action, has made herself the vassal of American policy. It regards both the return to gold and the settlement of the American debt as highly objectionable. Mr. Churchill accordingly now shares with Mr. Baldwin the weight of its displeasure.

* *THE ROUND TABLE*, No. 58, March 1925, p. 242.

United Kingdom : A Mixed Budget

On this part of the Government's fiscal and financial policy there has, however, been an unusual amount of agreement. It was always certain and taken for granted, even by those who favour the "management" of currency as a permanent practice, that the relation to gold would in fact be restored. The course of the sterling-dollar exchange offered an opportunity. If the opportunity had been lost, it might have been long in returning. The Government acted on a favourable combination of fact and sentiment and took care to surround its action with formidable safeguards. The restoration of the gold basis is a high achievement for the repute and credit of Britain. But, since it is a means and not an end, it will be time to congratulate ourselves on a success when the restoration of trade has followed it. The area of stable exchange has been broadened. By great exertions an obstruction in the channels of trade has been removed. These exertions await their reward in the irrigation of industry.

We return to the Budget itself. Mr. Churchill had to provide for a prospective expenditure of £799,400,000. He had to count upon a loss of £14,000,000 in the revenue, the result, in a full year, of Mr. Snowden's remission of indirect taxation last spring. At the same time, he looked for no rapid expansion of trade for the enlargement of the revenue. On the basis of existing taxation he estimated his revenue, including non-tax revenue, at £826,000,000. The resulting surplus of £26,600,000 was, however, insufficient for Mr. Churchill's purposes. He therefore proceeded to "fortify the revenue" by additions to the Estate duty ; by a duty on hops (in preference to the continuance of hop control) ; by the re-imposition of the McKenna duties on clocks, watches, motor-cars, films and musical instruments ; a duty on imported natural silk ; and by a duty on imported artificial silk with a countervailing duty on home-produced artificial silk so arranged as to give the home producer a certain compensating advantage. These new taxes gave him additional revenue

United Kingdom : A Mixed Budget

which he estimated at £10,000,000 in the present year and £20,000,000 in the next and subsequent years.

Having thus provided for a prospective surplus in the current year of nearly £37,000,000, Mr. Churchill distributed it in relief as follows. He remitted the duty on Empire-grown dried fruits and reduced other customs duties in favour of Empire sugar, tobacco and wines. He relieved the super-tax payer by an amount corresponding to the increase announced in the death duties, thus transferring the burdens, for the classes of tax-payer affected, from income to capital. By giving new advantages to earned against unearned income, he gave progressive and substantial relief to the lower range of incomes. Finally he announced the reduction of the flat rate (4s. 6d.) of income tax by sixpence in the pound. These remissions left him with an estimated surplus on the year of £1,660,000.

Social Reform and the Cost to Industry

Such in brief were the financial provisions of the Budget. In undertaking to "fortify the revenue," Mr. Churchill had explained that he was not thinking of the requirements of the current year alone. In the course of his speech his meaning was clear. A large part of it was devoted to the outline of a gigantic scheme, subsequently issued by the Ministry of Health in the form of a Bill and ready for early introduction into Parliament, of social insurance. It is a scheme for the benefit of the widows and children of men insured under the present national scheme of health insurance. It provides, in addition, for old age pensions to men and women, husbands and wives, beginning at the age of 65 instead of, as now, 70. It further provides for the removal of restrictions and disqualifications now applying to the old age pension at 70 and grants it independently of the means of the beneficiary, if an insured person under the Insurance Acts.

United Kingdom : A Mixed Budget

The benefits payable under the scheme may thus be summarised. Widows of insured men who die after January 4 next receive, for themselves, ten shillings a week for life, and, if there are children, 5s. a week for the eldest child and 3s. a week for each of the other children. Payments in respect of a child cease when the child attains the age of 14. These are the widows and children who qualify under the scheme in working. In addition, existing widows of men insured under the present National Health Insurance scheme will draw "as a free gift from the State" the above allowances for children and 10s. a week for themselves until six months after the youngest child is 14, when the pension ceases. For orphans the provision is 7s. 6d. a week for the eldest child of a family and 6s. for the others, up to the age of 14.

The finance of the scheme rests upon a contribution from the State and contributions from employers and work-people. A workman and his employer each pay 4d. a week, a working woman and her employer each pay 2d. a week. These premiums are to be raised by decennial increases to a maximum of 7d. The State will contribute £5,750,000 a year for the first ten years of the scheme. Thereafter its contribution rises, but is balanced each year by the fall in the cost of war pensions. When this source is exhausted, Mr. Churchill looks to the completion of the American debt payments to liberate other funds. In 80 years' time the scheme will be self-supporting. It covers an insurable population of 15,000,000 persons. It comes into operation by stages. On January 4 of next year the widows' pensions scheme begins. On July 1, 1926, existing restrictions on old age pensions are removed. On January 6, 1928, old age pensions become payable at 65.

The relevance of this great matter to a Budget speech has been questioned. But Mr. Churchill's loan of it from the Ministry of Health can be justified. It was essential at a time such as the present that there should be set before the country in one exposition both the burdens proposed to

United Kingdom : A Mixed Budget

be laid upon it and the way in which industrial enterprise and the wage-earner will be affected.

Budget controversies centre round this vast scheme, round the Silk Tax, and, in a less agitated way, round the re-imposed McKenna duties. Responsible industrialists are greatly concerned over the direct cost to industry of the pensions proposals. Under the present unemployment scheme it is inevitable—no human wit could evade that necessity—that industry should have to pay most heavily when it is most severely pressed. Already, during what is called the "deficiency period," that is, while unemployment remains at more than twice its normal figure, the weekly unemployment insurance premiums are at the increased rate of 10d. from the employer and 9d. from the man. Industry, it is felt, will lose considerably more under the new legislation than it gains from the concessions of the Budget. It is, of course, obvious that the Government has to take into account other considerations than those of pure economics.

Any modern Budget must consider industry both as a social and as an economic function, and attempt the harmony of conflicting necessities. The Unionist Cabinet is also, no doubt, under a special obligation to respect its social responsibilities. It undertook that Conservatism should not be either Tranquillity or Reaction, and on the faith of that undertaking it was put in power. Since it came to power it has continued to assert its sincerity and competence as a party of social reform. And even before it came to power it was pledged by the Prime Minister himself to widows' pensions and an insurance policy of this very kind.

There is little probability, therefore, that the scheme will be withdrawn. There are, moreover, on the other side of the count certain good results which the scheme may be expected to have upon unemployment and upon the unemployment insurance fund in influencing the retirement of older men from industry. Then there is its effect upon

United Kingdom : A Mixed Budget

the "moral" of industry, and the greater adaptability of rigid trade unionism to prevailing conditions. It is, too, a contribution towards the reform or abolition of the Poor Law and the ultimate alleviation of the most serious of all the burdens of the employer, that of the rates. The Government has promised thorough investigation to secure the stricter working of the unemployment insurance scheme. In all probability it will also meet the apprehensions of industry by varying the plan of contributions in such a way as to lighten them during the early years.

In spite of these considerations it is, however, difficult to resist the conclusion that it would have been wiser to defer the introduction of any such scheme for at least another year. We are not here concerned with its merits or demerits for the purpose of social reform, and we are in sympathy with Mr. Baldwin's wish to ameliorate the lot of the working classes. The tendencies of the age in which we live make it in any case inevitable that some such step should, sooner or later, be taken, and its initiative gives to the Government an opportunity of shaping the form of the proposed measure which it would naturally be sorry to see pass later to its successors. But the return to the gold standard may possibly result, for a time, in dearer money for industry, which, as is made clear elsewhere, is already heavily handicapped, and if it has at this particular juncture to assume the burdens contemplated under the scheme as well, our hopes of better times may be seriously compromised. Industry is the goose which lays the golden eggs, and if it languishes no such scheme can be expected to bear the fruit that is expected of it.

The Government has also to face a simultaneous attack from the opposite flank to the industrialist. Labour attacks the scheme because it is contributory. When the Labour party is united in the assertion of "rights" and runs no risk of dividing its counsel by stopping to consider how or by whom "rights" are to be satisfied, it is in no

United Kingdom : A Mixed Budget

mood to be argued with. But an interesting passage in Mr. Churchill's speech put them a problem which they might have to consider on the day when they reach office again, and pledges, those bright decoys, come home to roost.

Pointing out that "we are now entering upon periods 70 years away from the great extension of the population which took place in Victorian times" and "living in a period when the span of human life has been mercifully prolonged," Mr. Churchill continued :—

The census of 1921 showed, not 5,200,000 (the 1891 figure) but 9,700,000 persons between the ages of 40 and 60. Those persons, or their survivors, will be the old age pensioners 20, 30, and 40 years hence. The tendency to a larger proportion of old people is steadily increasing in the population, and the actuaries assure me that the existing cost of old age pensions, on the present basis, in 50 years' time, will be more than double what it is now. At present it is £27,000,000 ; in 10 years it will be £36,000,000 ; in 20 years it will be £46,000,000 ; in 30 years it will be £54,000,000 ; and in 50 years it will be £60,000,000, without any addition being made, of any sort or kind, by any Government. This island, in 30 years, will have more than doubled its present number of old and feeble people. It will have to support them with an active population a little larger than it is to-day—a population robbed, we must never forget, of much of its natural increase by the slaughter of the Great War. None of this was foreseen, and perhaps none of it could be foreseen, at the time the non-contributory scheme of old age pensions was started in 1908.

If there were no other arguments why pensioners of the future, active members of the community to-day, should be called upon for co-operation and self-help in some degree, establishing rather than demanding their "rights," there would seem to be a conclusive argument here.

The Taxes on Silk

The silk tax is a new tax upon what is, for the most part, a new industry. It is designed by its author as a

United Kingdom : A Mixed Budget

"sumptuary" tax. It is, nearly all of it, a revenue tax pure and simple. The tax on natural silk, all imported, though naturally alarming to the trades which work up the yarn or apply finishing processes to imported tissue, is not the centre of the prevailing storm. It is the tax on artificial silk which has roused it. The manufacture of artificial silk is one of those rare things in these days, a strong and flourishing industry. It has been well managed, has expanded rapidly, and has proved highly profitable. These, no doubt, are among the characteristics which attracted the attention of the Chancellor of the Exchequer. The silk trade has rapidly organised opposition to the duties, and has powerful backers in the Press. The objections are various. The taxation of a raw material is declared an expedient equally obnoxious to Free Trade and Protectionist economics. In the next place, it is argued that silk and artificial silk have nothing but a name in common ; that, far from being a luxury, artificial silk has entered into such wide use as to become a necessity ; and that, for some articles, its price compares favourably with that of the older-established textile fabrics. It is contended that Mr. Churchill is burdening a promising industry at a time when it should be rather his business to remove burdens wherever he can. His critics point out that artificial silk has proved itself a valuable auxiliary to the wool and cotton industries, much in need of support, and that a check to its expansion will be a serious check to the sister trades. The trade itself, while not unanimous in condemning outright a system which secures to it a slight advantage in the home market, is perturbed over the difficulty of calculating a just rebate on the export of mixed fabrics and of articles partly constituted of silk. It has other objections of a technical character. These have been under discussion between the experts of the Treasury and the trade. There will, without doubt, be considerable modification of the Budget plan. But the silk tax, too, for better or worse, will stand. It is a distinctive feature of the

United Kingdom : A Mixed Budget

“Churchill Budget,” or “Silk Stocking Budget,” and if Mr. Churchill bowed to the opposition, which he must have foretold to himself and the Cabinet, he would lose his political footing altogether.

The Chancellor of the Exchequer replaced the McKenna duties with a gay indifference to political consequences. “To some they are a relish,” he said, “to others a target, but to me a revenue.” They are expected to bring in £1,600,000 and nearly £3,000,000 in a full year. This is not a negligible sum even on the present scale of Budgets, but it is a small matter over which to raise the great issue between Protection and Free Trade. So both Free Traders and Protectionists will argue. Unionists will declare that the change is beneath the serious attention of anyone assessing the value of their solemn electoral pledge to introduce no protective tariff except by way of “safeguarding” industry. Liberals will pronounce it the more wanton a defiance of that pledge and a breach of faith with Free Traders who turned in fancied security from Liberalism to Unionism at the last election. But there will not perhaps be great life in the quarrel if Mr. Churchill’s Budget has justified itself as a whole by next April. It is, as even this brief account will show, a Budget intricately designed to rebut the reproach that Unionism in office only “looks after its friends.” Its “success” or otherwise will be largely determined by conditions in the coming twelve months over which a Government can exercise very little control.

IRELAND : THE POLITICAL SITUATION

The article that follows is from a correspondent in the Irish Free State.—EDITOR.

THE most notable feature of affairs in the Irish Free State since the beginning of the year has been a decided turning of public attention away from the political and constitutional issues with which we have been obsessed since the signing of the Treaty, and indeed long before, towards constructive, and especially economic, matters. Elections have been fought, but largely on new issues. Moreover, this change has synchronised with a general election in Northern Ireland, which may also show the emergence of a new outlook. Taken together these things give promise of a healthier condition of politics over the whole country.

I. THE FREE STATE BY-ELECTIONS

AT the beginning of the year supporters of the Government were looking forward with some perturbation to the elections which had been forced upon the country through the resignation from Dail Eireann of Mr. Joseph McGrath and eight others of the so-called National group. It was felt that these elections, to be held in seven constituencies scattered widely over Leinster and Connaught,

The Free State By-Elections

would give a very clear indication of the reality and extent of the alleged revival of Mr. De Valera's party. That party was confident that the tide was now running in its favour. The widespread criticism of the Government, the feeling that it was not sufficiently in touch with the country, rumours of divisions and factions in the Government party, all created uneasiness, which was increased by the loss in the late autumn of a seat in Dublin City (South), a constituency regarded as overwhelmingly pro-Free State.

Government supporters, however, now showed an energy which had been sadly lacking. Cumann na nGaedheal (the Government party) was reorganised, care was taken to put forward candidates better known and of greater weight than formerly, and the Ministers threw themselves actively into the campaign. What was more important, they based their appeal on new grounds. Since the Treaty, supporters of the Free State have been far too ready to remain on the defensive while allowing their opponents to attack and to choose the ground ; or they have let themselves be involved in interminable arguments as to Document Number Two or as to what this or that man did in 1916 or 1921. Now, however, Government spokesmen put forward their constructive programme, whether already undertaken or projected, the Land Act, agricultural development, the Shannon electric scheme, housing, reduction of taxation, relief of unemployment. They pointed to the debt incurred and the damage done by the action of their opponents in 1922. They appealed for support as those who had brought peace and could bring peaceful development, as the builders against the wreckers.

It was soon plain that the main desire of the people was for peace and stability, and though certain items in the Government programme—the Shannon scheme and tariffs, for example—excited serious misgivings in some quarters, it was, in general, received with approbation. Thus the Republican party was forced for the first time to put out a rival economic programme. But here they had nothing

Ireland : The Political Situation

distinctive to suggest. A poster explaining "What a Republican Government could do for Ireland" was widely placarded in Dublin ; but most of its items were already on the Government programme, and except for one or two minor suggestions (such as the saving of expenditure on the Governor-General) it contained nothing which could not be carried out under the Free State Constitution. Since, then, a policy of violence was no longer popular with the country, while if they attempted to frame a peaceful policy they were merely saying ditto to the Government, the Republicans found that their campaign was falling very flat. They therefore resurrected Father O'Flanagan, a mob orator of considerable personal magnetism, who had played a great part in the earlier days of the Republican movement, until it was discovered that he could never be relied on not to give away his own case. During the present campaign, with that complete lack of political judgment which has been his most unfailing characteristic, he devoted the greater part of his speeches to attacks on his Bishops, which lost his party votes, and for which after the poll he was repudiated by one of the defeated candidates in Dublin. Thus the Republican campaign lacked driving force. At their final rally in Dublin a very large crowd attended, but enthusiasm was wanting. Enthusiasm was also wanting at the Government party meetings (incidentally two or three popular orators are badly needed here), but while the Government rely on a practical programme and appeal to common sense, the Republicans, as always, rely on feelings, and without enthusiasm they must be impotent.

The result of the elections, held on March 11, was that in each of the seven constituencies the Government candidate was returned at the top of the poll, the closest contest being with a Farmers' party candidate in County Cavan. In each of the two constituencies, however, in which there were two seats to be filled, the Republican candidate succeeded in gaining the second seat by means of votes trans-

The Northern Elections

ferred under the Proportional Representation system. The Labour candidates in Dublin did rather worse than was expected, while Mr. Milroy, the only member of the defunct National group who sought to regain his seat, was badly beaten in North Dublin. The total votes cast were as follows : Cumann na nGaedheal, 154,759 ; Republican, 102,264 ; Labour, 12,659 ; Farmers, 12,119 ; National Group, 2,181. The result was a decided vote for peace and construction, and while the smallness of the poll indicates that the Government is not overwhelmingly popular there is plainly no desire to change it. The tide which seemed last year to be flowing for the Republicans has certainly ebbed.

II. THE NORTHERN ELECTIONS

SCARCELY were the Free State by-elections over when it was announced that a general election in Northern Ireland was to be held forthwith. Various reasons have been given or surmised for the dissolution of the Northern Parliament, which had more than a year to run. Sir James Craig explained that as the Boundary Commission was now sitting it was necessary for Ulster to give a new and emphatic expression of opinion against any change. Another explanation is that internal politics had a good deal to do with the decision. The Parliament, elected in quite abnormal circumstances in 1921, was plainly unrepresentative. The Nationalists remained outside ; Unionist criticism of the Government was growing, but it also was practically unheard in the House. By an election the Opposition might be brought inside, and at the same time the position of the Government made secure for another term. The Government also would obviously desire to have a free hand to deal with the situation which will arise when the Boundary Commission reports, and not to have a general election—due at latest in June 1926—hanging over their heads.

Ireland : The Political Situation

The results of the election held on April 6 were in many respects surprising. The outgoing House of Commons had consisted of—Official Unionists 39, Independent Unionist 1 (who had gained his seat at a by-election), Nationalists 6, and Sinn Fein 6. By Nationalists was meant supporters of the old Nationalist party. Under an agreement made in 1921, neither they nor the Sinn Fein members had taken their seats. The new House is constituted as follows :—Official Unionists 32, Independent Unionists 4, Labour 3, Tenants 1, Nationalists 10, Republicans 2. The main losses of the Government party were in Belfast, where it now retains only half of the 16 seats against Independent Unionists 4, Labour 3, Nationalists 1. The voting in Belfast was even more surprising, since official candidates totalled only 67,911 first preferences, as against 80,174 by the others taken together. That Labour should hold three seats in an industrial city like Belfast will not seem strange to anyone outside Ireland ; that it has not occurred long ago simply shows how abnormal has been the condition of politics. The Independent Unionists attacked the Government mainly on internal issues, such as temperance, education and treatment of unemployment, and their return is taken by most people as showing the growth of dissatisfaction, the belief that fresh blood is needed. In most countries it would create little surprise. But when we remember the solidity of the Unionist and Protestant vote in Belfast for generations past, and the strength of the party machine, these results may be said to create a new situation.

Turning to the Nationalists it must first be mentioned that this election has brought about a *rapprochement* between the old Nationalists (who formerly supported Mr. Redmond) and those who stood for Sinn Fein policy in pre-Treaty days and now support the Free State. Men like Mr. Devlin of the former section and Messrs. Cahir Healy and Collins of the latter stood on this occasion on the same ticket. This seems to us in the Free State a natural and

The Northern Elections

desirable development on every ground, and the return to active political life of Mr. Devlin especially is welcomed by many sections. He was elected with a huge preponderance of votes over his nearest Unionist opponent, and though his constituency of West Belfast is largely Roman Catholic it is stated that many Protestants helped to swell his majority.

The *rapprochement* alluded to involved a decision on the question whether the reunited Nationalists should take their seats in the Northern Parliament. It was reported that all intended to do so, but not until the Boundary Commission had reported. Now, however, Mr. Devlin and also Mr. McAlister, member for County Armagh, have taken their seats at once ; but the others, representing constituencies which may be altered by the Commission, are still abstaining.

As regards the ostensible object of the election—an expression of opinion on the Boundary question—it does not seem to have taught us anything new. The Nationalist poll in Tyrone and Fermanagh has slightly decreased, the Unionist has slightly improved, reducing the Nationalist majority from 7,191 to 1,805. This, some say, is due at least in part to the importation of Special Constabulary. In Derry also the Unionists have slightly increased their majority. Nor, on the other hand, can the Unionist losses in Belfast be regarded, as Dublin papers put it, as a " Blow to partition." But if the results have little bearing on the Boundary question, they may prove in the long run to have an important bearing on the relations between the Free State and the North. Union was prominently stressed throughout the election on the Nationalist side, especially by Mr. Devlin, who has followed it up by a powerful speech on the way to win Ulster, at a banquet given in Dublin in honour of his victory. Nor were statements lacking on the Unionist side, from both official and independent candidates, showing a better feeling towards the South and a hope of closer co-operation. There are signs that the old Ulster Liberalism may reassert itself.

Ireland : The Political Situation

Meanwhile, the Boundary Commission has been sitting and has completed about half of the work of taking evidence, though its report cannot be expected for a considerable time. The most satisfactory feature of its proceedings up to now is that they have created no excitement whatever.

III. FINANCE IN THE FREE STATE

IN the Free State, however, the Boundary is little discussed, and the main interest has shifted to economic matters. There is not space to deal here with the Shannon Hydro-Electric scheme, which has now been definitely entrusted to the firm of Siemens-Schuckart, and by which it is proposed, at a cost of over five millions, to provide electricity for lighting over the whole Free State area with a large surplus for industrial purposes. The Government also has large schemes on hand for drainage, for road development, and for housing, as well as smaller enterprises tending to promote industrial development and relieve unemployment.

Nevertheless, the economic situation is very unsatisfactory. Two bad harvests have hit the farmers very hard, business has not fully recovered confidence since the troubles of 1922, and development has been hampered both by labour troubles and high taxation. In fact, during this winter, trade depression and distress have been at their worst.

It was in these circumstances that a group of business men in Cork came forward with a panacea. "Abolish Income Tax" was their slogan. To be precise, they proposed to abolish income tax on all incomes earned in the Free State or derived from investments in the Free State, thus, at one stroke, enabling Irish enterprises to compete on favourable terms with foreign, and inducing some of the two hundred millions of Irish capital invested abroad to return home. A delightful project, if only it was feasible.

Finance in the Free State

No wonder it was welcomed at first sight by income tax payers and business men. But there were growls from Labour, nor did the abolitionists prove their contention that income tax is really paid entirely by the consumer and that the chief benefit of its abolition would be found in cheaper goods. Nor did they show how, if their proposal were adopted, the loss of four millions odd to the national finances could be made up. Nevertheless, though they failed in their object, the country is indebted to those who put forward the proposal. They made certain a reduction of the income tax. They also, by starting a very animated controversy, turned much needed attention to the whole subject of taxation. For these and other reasons there has never been a budget so eagerly awaited in Ireland as that of this year.

Mr. Blythe's budget statement made on April 22 gave a very clear and able review of our position and prospects, so that for the first time we can see plainly how our finances stand. The final figures for the year 1924-25 showed a deficit of £532,020, as against four millions and seven millions in the two previous years. This practical balancing of the budget is a sufficient answer to much vague and ill-informed talk of national bankruptcy. It was brought about by rigid economy and the maintenance of very high taxation. Mr. Blythe now proposes to lighten the burden.

We shall always insist (he says) that outgoing not of an abnormal and non-recurrent character, and not in the nature of capital expenditure, shall be met out of revenue. On the other hand, we feel that at the present juncture it is not in the national interest to impose taxation for the payment of charges which may properly be met by borrowing.

He thus sets aside from the expenditure estimated for the current year payments of compensation, £3,707,300; the cost of the Army, over and above the normal figure of £2,000,000, that is to say £1,053,117; which with certain other non-recurrent items, total £6,116,492. When this sum is

Ireland : The Political Situation

deducted there remains £24,012,488 to be raised by taxation. It should perhaps be pointed out that this proposal is not in the nature of a supplementary budget, supposed to be balanced by incomings of an uncertain character—an expedient adopted in several continental countries. The six millions odd—entirely arising from the disturbances since the Treaty—is to be met once and for all by means of a loan.

On the previous basis of taxation, revenue for 1925–26 would come to £25,980,110 against the £24,012,488 mentioned above as required, a surplus of £1,967,622. Leaving a margin for safety, Mr. Blythe proposes to use £1,850,000 for reduction of taxation. Before doing so, however, he proposes to impose new tariffs, to be mentioned later, bringing in £615,000, these giving a total surplus of £2,465,000, which is used as follows. Income tax is reduced from five to four shillings, equal to the new British rate, at a cost in a full year of £1,000,000, but in the present year, allowing for arrears, of only £200,000. The agricultural grant in relief of rates to farmers is doubled (£600,000). Tea, cocoa and coffee duties are abolished (£490,000); sugar duty is reduced to one penny (£1,100,000). This last reduction involves the dropping of Imperial preference on sugar—a necessary step from the revenue point of view since, in a small country like Ireland, the effect of preference has been that almost all sugar now imported is at the lower rate with consequent loss in duties. By these and certain smaller proposals such as reductions in the cost of postcards and telephones, practically all Mr. Blythe's surplus is absorbed.

With regard to tariffs, Mr. Blythe still regards the whole subject as being at an experimental stage. He spoke in encouraging terms of the results of the tariffs imposed last year, and now by way of further experiment puts an *ad valorem* duty of 15 per cent. on all personal clothing and the same on blankets and rugs, 33½ per cent. on bedsteads and wooden furniture and the same on bottles, an additional

Finance in the Free State

10 per cent. on toilet and fancy soaps. These are all frankly protective tariffs, intended to encourage the development of home industries. This is the part of the budget which has come in for most criticism, especially from the farmers, who see their necessities of life made dearer with no corresponding advantage to themselves. There is little use in attempting to forecast results until the new tariffs have been for some time in operation. Mr. Blythe, however, gave an assurance that there was no intention to impose a general tariff piecemeal, and that in fact no further duties would be imposed during the life of the present Dail. As to the raising of a loan, such as is indicated, that is not necessary at present since there is a considerable Exchequer balance, but probably the six millions odd required plus some part of the five millions necessary for the Shannon scheme must be raised before the end of 1925. This should not be a difficult operation since the present National Loan has been steadily rising to above its issue price, and no one can consider that our present indebtedness is unduly high, totalling as it did £11,679,161 at the end of the last financial year. Few countries in the world have so light a debt, amounting to less than half a normal year's revenue.

In general, the feeling in Ireland is one of much greater confidence, however mixed with criticism and grumbling. The fear of further disorder is gradually dropping out of men's minds, and they are facing towards the future. Actual conditions in the country are keeping step with these expectations ; there is no longer danger to life or property, and business begins to improve. A good harvest would carry us a long way further forward. All this has a bearing on our chief problem—the improvement of relations with the North—for in economic matters North and South speak the same language. And so it is that neither the beating of the Orange drum nor shrieks of "Up the Republic" have any longer their old potency ; which means that politically we are growing up.

CANADA

I. CURRENT POLITICS

IN view of the suspected imminence of a general election, a special interest is attached to the fourth session of the Federal Parliament. The session began on February 5, and its commencement found the King Ministry and its supporters in a highly optimistic mood for which some justification existed. They had been unexpectedly successful in the by-elections held during the recess, having even captured a reputed stronghold of Conservatism in Ontario ; the internal dissensions of the Conservative and Progressive parties had impaired their capacity for militant and effective opposition ; and the swift rise in the price of agricultural products was tending not only to mollify rural peevishness but also to provide a welcome stimulus to business in the urban centres. All these factors were decidedly favourable to the Government, and undoubtedly Ministers began the session with the definite intention of pushing the work of Parliament to a speedy conclusion, and appealing to the country at midsummer with reasonable prospects of securing a clear majority. To such strategy the Speech from the Throne was obviously attuned. There was, in consonance with previous declarations of the Prime Minister, a complete absence of any reference to the tariff reductions which had been embodied in the three previous Budgets as baits for Progressive support ; there was a forecast of legislation for the cure of the railway freight imbroglio and of a revised edition of the Grain Act ; and the crusade

Current Politics

against the Senate, launched with such belligerent oratory at the close of the last session, was quietly abandoned in favour of a project for a conference between the Federal and Provincial authorities which would be invited to consider the possibility of amendments to the British North America Act in relation to the constitution and powers of the Senate and other important particulars. The reason for the abandonment of the direct frontal attack upon the Senate which had been threatened was made plain some weeks later when the Legislature of Quebec, while piously commanding the proposed conference, passed a unanimous resolution emphatically deprecating any interference with the existing powers and constitution of the Senate. As a substitute another crusade was foreshadowed against what was alleged to be the oppressive tyranny of the shipping combination known as the North Atlantic Steamship Conference. Beyond the commercial treaty with Australia the other sessional commitments were negligible, and prophecies were freely made that prorogation would be possible by the middle or at least by the end of May.

Now, however, the Easter recess has come and gone, and the end of Parliament's tenth week finds only a fractional part of the modest sessional programme accomplished. Some estimates have been passed, and there has been a preliminary debate upon the Government's shipping measure which has been consigned to the mercies of a special parliamentary committee, but the Budget debate will not terminate for some days and no other business has been touched. Unless, therefore, Parliament is prepared to neglect deliberately certain imperative duties, prorogation cannot be achieved at a date which would make possible an election in June; and even if the Government tried to force the pace, the Opposition groups, both anxious for delay, are in a position to block estimates and retard the progress of business that cannot be neglected without grave danger of popular resentment. Therefore, the idea of a June election is regarded as a vanished dream.

Canada

By common consent the session, instead of being marked by the liveliness which is the normal prelude to a general election, has been one of the dullest and dreariest in the memory of old observers of the Ottawa scene ; the attendance of members has been deplorably slack and was the subject of a stinging rebuke by the Speaker on April 17 when a quorum was found lacking at 4.30 p.m. during the Budget debate. The Government got off to a bad start with its shipping scheme. Vague intimations of it had already been given in Ministerial speeches, and soon after the session opened there was published a long report upon the question of ocean freight-rates compiled by Mr. W. T. R. Preston, a veteran Liberal politician who had been appointed a special commissioner to investigate this problem. Ministers probably now agree with the general verdict that a happier choice could have been made, for Mr. Preston's report was felt to be seriously vitiated by patent errors and exaggerations and to bear the stigmata of a political tract rather than of the record of a serious economic investigation. Received with marked suspicion in some quarters and derision in others, it was effectively riddled by critics inside and outside of Parliament, and during the debate the Premier wisely threw it overboard and intimated that other evidence of the misfeasances of the shipping interests formed the justification of his new policy. This policy consists of a novel project of an alliance between the Canadian Government and Sir William Petersen, the well-known British shipowner, who in return for an annual subsidy of \$1,300,000 avers his willingness to provide, with a fleet of ten modern oil-burning freight steamers, such effective competition for the vessels of the North Atlantic Conference that freight rates will be materially reduced ; indeed, he undertakes to give the Government full control of the rates of his subsidised vessels.

The introduction of the Bill embodying what is now popularly known as the Petersen contract provoked a long

Current Politics

and highly controversial debate. The Government, before they could secure authority to send the Bill to a special committee, were compelled to make the reference include an investigation of the general problem of ocean rates and of alternative methods of control. The Conservatives offered unreserved opposition to the Petersen plan, and moved an amendment (which was defeated) urging that the proper method of securing control of ocean rates was by concurrent action with the other British Governments. But even more disconcerting was the unexpected opposition of the Progressives, whose cordial support had been counted upon. The Canadian Council of Agriculture also passed a unanimous resolution which offered strong criticism of the plan, and urged that, if competition has to be provided for the North Atlantic Conference, the proper instrument for the purpose should be the State-owned Mercantile Marine, many ships of which are lying idle. Indeed, the heavy annual deficits of the Mercantile Marine, which until a few months ago was an active member of the much-abused Conference, do not confirm the theory that the arrangements of that body permitted the extortion of inordinate profits from Canadian shippers. The general objections to the Petersen contract may be summarised as follows :

- (1) The attempt to fight a powerful combination of shipping interests is fraught with grave difficulty to Canada, heavily burdened with debt as she is and already groaning under a difficult railway problem.
- (2) The Petersen contract is a reversion to the mediæval policy of giving special trading privileges ; the contract itself is extravagant, too nebulous in many of its terms, and devoid of adequate penalties for failure on the part of Sir William Petersen.
- (3) It is folly to subsidise vessels which will be in competition with the Government Mercantile Marine.
- (4) The scheme has been devised from political rather than economic motives, and may intensify in the minds of foreign nations the idea that the British Empire is falling apart through internal cleavages of interest.

The special Committee has now begun its inquiry. At its first session the Government's counsel seemed to give

Canada

evidence of the weakness of his position by refusing to submit Mr. Preston for examination, and by announcing that he proposed to build up his case from the evidence of other witnesses and from data furnished by the shipping companies. Whether the contract will ever emerge from the recesses of the special Committee is highly doubtful ; even if it survives the investigation, it is difficult to see how the House of Commons can be induced to yield for it a majority which would justify further progress with a highly speculative and expensive experiment.

By bringing down the Budget before the end of the fiscal year Mr. Robb, the acting Finance Minister, broke all precedents, and the innovation was criticised as a device to avoid the production of an accurate balance sheet which might prove a serious shock to the country's nerves. Adhering to his plan of segregating the accounts of the national railways, he claimed a modest surplus of \$1,823,000 of ordinary revenue over expenditure ; but this surplus disappears into complete oblivion when the railway accounts, showing as they do an increased deficit over the figures for the previous year, are taken into consideration. The book-keeping methods followed by the Government render any exact comprehension of the true state of the national finances exceedingly difficult ; but it is reasonably clear that during the fiscal year 1924-25 the net national debt of the country increased by some 13 million dollars, and that there was an addition of at least 70 millions to the indirect obligations. In such circumstances any reductions of taxation were unthinkable, and there is widespread chagrin that the disparity of the taxation rates now prevalent in Canada and the United States is likely to be increased rather than diminished in the near future. The only tariff change of importance was an increase of duty on what is known as "slack" coal ; this was devised to afford some relief to a distressing situation in Cape Breton, where, as a result of the recrudescence of the chronic strife between the British Empire Steel Corporation and its coalminers, hundreds of

Current Politics

families are being kept from starvation by relief funds. Since of the other changes, none of them important, almost as many were in an upward as in a downward direction, the Budget is interpreted as registering the considered determination of the Government to abandon all hope of a working alliance with the Progressives and to concentrate their energies upon the preservation of their support in the industrial areas of the East.

Since the war ended transportation problems have formed a staple ingredient of Canadian politics, and they are not likely to disappear in the immediate future. The restoration in July 1924 of the full schedule of the special rates that had been conceded to the prairie provinces by the pact known as the Crow's Nest Pass agreement, produced violent protests from the railway companies, and they have made common cause in a campaign for the abrogation of the special rates.* During the recess one expedient after another was tried in an effort to reach a satisfactory solution. The Government first referred the problem to the Railway Commission; but, when that body decided that it had power to override the terms of the special agreement, it suspended the operation of this decision as the result of a fierce outcry from the West. The legal aspect of the issue was then brought before the Supreme Court of Canada, whose decision has intensified the confusion. As a result of its verdict there is now gross discrimination in the rates applied to adjacent communities, and the present situation obviously cannot persist. But the measure forecast in the Speech from the Throne for the equalisation of freight rates between the different areas of the Dominion cannot fail to let loose a flood of bitter sectional controversy. The discussion of the problem, however, is certain to reveal the need for a basic reconstruction of the fabric of freight rates; and, as Parliament has neither the time nor the technical knowledge demanded for such an intricate task, it will

* See *THE ROUND TABLE*, No. 57, December 1924, p. 158.

Canada

probably content itself with laying down some vague general principles, and will hand over the real work to the Railway Commission. The main motive for the establishment of this body was a desire to eliminate political considerations from the adjustment of transportation problems, and their re-introduction into the political arena has been a national misfortune.

A mystery envelops the commercial treaty with Australia. It has been accepted by the Australian Parliament, but apparently difficulties have arisen which prevent its submission to the Canadian Parliament. For one thing, the Progressives threaten to oppose it because it entails an increase in the rates of many Canadian customs' schedules; and for another, the Australian insistence that the preferential benefits will only be available to goods to which the exporting country contributes 75 per cent. of the raw material and labour employed in their production, completely destroys its value for the great Americo-Canadian motor firms who expected to be its chief beneficiaries.

During the session there was one interesting debate upon the problem of Imperial relations. Mr. W. F. Maclean, a veteran Conservative, stirred to indignation by the Judicial Committee's decision against the validity of the Lemieux Act, introduced a resolution urging that Canada should seek and obtain powers to control and amend her own constitution and that appeals to the Privy Council should be abolished. For these proposals he obtained considerable support; but Mr. Lapointe, speaking for the Government, was exceedingly guarded in his observations and gave little encouragement to the ideas. Apart from this episode, Imperial and international problems have been treated with a dignified but regrettable silence.

Canadian Prosperity and the United States

II. CANADIAN PROSPERITY AND THE UNITED STATES

CANADA is the only important part of the British Empire to have an open land frontier across which a heavy international traffic is conducted without intermission. For the greater part of its length the frontier is not related to any physical obstacle ; and even where the unimaginative rigidity of a parallel of latitude is deserted in favour of mountain, lake, and river, the dividing line between Canada and the United States remains easily crossable. The northern part of the North American continent has been severed politically from the rest by the ingenuity of man, not by the facts of nature ; and no apparatus of tariff walls or immigration restrictions can turn a fence into a range of mountains. All this is obvious : it is so obvious that Canadians do not need to talk about it ; and, in consequence, its significance is often missed abroad.

Each of the Dominions has its own type of national life, its unique problems, its peculiar civilisation ; in Canada alone does the added complexity occur of a thousand ties of intimacy with a great foreign Power. Australia stands by itself, with a single strand relating it economically and financially with London, and its frontier consciousness is concerned with comparatively distant aggregations of peoples of the yellow race. South Africa also is related closely with London and with London only, and on its frontiers is a coloured population with which there can be no consideration of either equality or fusion. Canada, geographically a ribbon-like strip 3,000 miles long with an average effective width of not more than 200 miles, of necessity has its economic life, and in many respects its social life as well, related to and conditioned by the one hundred and fourteen million people of the United States. The economic well-being of Canada is dependent on the relationship with the United States in a way that can

Canada

hardly be paralleled between any two other separate States, tariffs notwithstanding. These are the Canadian trade figures for the year ending March 31, 1924 :

	United States.	United Kingdom.	Total.
Exports ..	\$430,707,000	\$360,057,000	\$1,045,000,000
Imports ..	601,256,000	153,586,000	893,366,000
Total trade ..	\$1,031,963,000	\$513,643,000	\$1,938,366,000

This intimacy of economic intercourse inevitably has profound results. The United States sets the standard of living for Canada, directly in some instances, as with the railwaymen who belong to an international trade union, and in a more general sense as well. If Canada lags far behind its neighbour, the country is not prosperous no matter how wealthy its people may be by any European standard. The floating population drifts over the border to better labour markets, the price of money rises, constructive enterprise diminishes, and the unemployment figures grow. Fluidity of population, which has largely disappeared elsewhere, remains between Canada and the United States. Movement from one country to the other is easy and natural, and higher wages or lower costs of living in the United States have an immediate effect on Canada. Canadian wages and the Canadian standard of life cannot be established without reference to the United States, and to this extent Canada is unable to determine its own destiny.

Compared with Great Britain, Canada to-day, if looked at in isolation, is a prosperous country, with lower taxation, a better standard of living, a lower *per capita* debt, and a higher *per capita* income. But compared with the United States, Canada is a poor country, burdened by an enormous debt and by the very heavy taxation required to meet capital charges. This can be illustrated in many ways. The Bankers' Trust Company of New York recently estimated the annual income *per capita* in Canada at \$266,

Canadian Prosperity and the United States

against \$212 in Great Britain ; but the corresponding figure for the United States was \$281, and it must be remembered that ten million negroes with a meagre standard pull down the average for the whole country. It is difficult to arrive at a fair method of comparison between taxation in Canada and Great Britain, because of the division of public revenue in Canada between the federal and the provincial treasuries (provincial taxation is often ignored in making comparisons) and because of the greater reliance in Canada on indirect taxation ; it may, however, be safely assumed that the individual contribution in Canada is materially lighter. Comparison with the United States is an easier matter. The table below shows the weight of the federal income tax in the two countries, the taxpayer being assumed to be a married man without children :

Income	Canadian tax	Per cent.	United States tax	Per cent.
\$	\$		\$	
3,000	40.00	1·33	10	.33
5,000	120.00	2·40	50	1·00
10,000	619.50	6·19	220	2·20
20,000	2,089.50	10·45	1,030	5·15
50,000	9,649.50	19·30	6,150	12·30
100,000	32,749.50	32·74	22,630	22·63
500,000	318,349.50	63·67	199,630	39·93

Comparison in respect of other economic conditions would yield similar results, and the general conclusion is that the average Canadian is considerably better off materially than the average Englishman, but considerably worse off than the average citizen of the United States.

Many English visitors show surprise at the pessimism which is often expressed in Canada about the country's future ; regarding Canada by English standards, they see evident signs of a prosperity which is lacking in England. These facts indicate the clue. The inevitable standard of economic prosperity is the United States, not Great Britain. Always in times of dullness and reaction there

Canada

has been a tendency in Canada to look to the south, and to wonder whether the maintenance of a separate national life will not prove too great a task. This does not mean that there are forces at work which will lead to the political absorption of Canada by the United States ; the mood of pessimism has passed before, and it will pass again. It does mean that the preservation of Canadian political identity costs every inhabitant of Canada a tangible and considerable sum. The struggle to build a Canadian nation is not only, from the economic point of view, a struggle with nature in a land of vast spaces and harsh climate ; it is a struggle to keep up with the wealthiest nation in the world, and at the same time to keep distinct from it. This factor should be taken into account in commenting on the meagre contributions made by Canada to Imperial defence.

Canada is both British and American, economically more American than British, spiritually more British than American : and yet the result of the mixture is neither British nor American, but Canadian. That Canada should have maintained the essentials of an independent nationality in face of the immense power of attraction of the United States is a great achievement. The appeal of economic profit has never been the final argument with Canadians either of British or of French descent.

Canada. April 20, 1925.

AUSTRALIA

I. AUSTRALIAN ADMINISTRATION IN PAPUA

NEARLY twenty years have passed since the Commonwealth assumed the administration of Papua—twenty very varied years of changing markets and falling prices, of peace and of war—a period long enough and eventful enough to test fairly the capability of the Commonwealth to carry out the responsibilities that it had undertaken. There were many gloomy forebodings twenty years ago, and many prognostications that the Australian government of Papua would be a fiasco, for it was said that there were certain qualities in which Australians were lacking. Consequently, it was argued, the Australian administration was doomed to failure.

Now that the twenty years are nearly over, a convenient time has arrived to take stock and to review what has been done in Papua since it became an Australian territory in 1906.

Papua was but little known in those days, for the interior had hardly been touched except for the explorations of Sir William MacGregor, and it was almost entirely undeveloped; the fertility of the soil had been questioned both by Sir William MacGregor and Sir George Le Hunte; and the natives had been described as “a fierce and intractable race of savages,” so lost to all sense of decorum that “when attacked they did not scruple to retaliate.” There had been practically no agricultural development in 1906,

Australia

for the total area under cultivation amounted to less than 1,500 acres ; there was a fair amount of gold mining, chiefly alluvial, but other industries hardly existed.

Elsewhere it has been found that those who come looking for gold have stayed on to cultivate the soil, but this has not been the case in Papua. The searcher for alluvial gold is generally of a roving and adventurous disposition, and the humdrum life of a cocoanut plantation offers few attractions to men of this type. Many attempts had been made both by Sir William and Sir George to settle planters on the land, but without success. The soil of Papua is generally patchy and not particularly rich, the climate has but few attractions for those who have lived in the temperate zone, and in those days money could perhaps be made quicker in Australia ; in any case, whatever the reason may have been, planters refused to come when they were called, however wisely the Lieutenant-Governors sought to charm them. The assumption of control by the Commonwealth was probably the best advertisement that the Territory could have had, and with the beginning of 1907 a mild land boom had set in. Most of the usual mistakes were made that are inseparable from pioneer enterprise, and no doubt much money was wasted and many anticipations formed which were quite impossible of realisation, but on the whole the settlement was a success—a far greater success than could have been anticipated from the history of previous attempts.

And indeed, there was no reason *a priori* why it should not be a success. The soil, it is true, has been described as "not rich" and "patchy," and the description is doubtless correct, but the best plantations in Papua are probably as good as the best elsewhere in the Pacific, and the average yield per acre is about the same, though it may be more difficult in Papua to find a large area of uniform fertility. Then there has never been a real shortage of labour, although with a wise determination to avoid so far as possible the racial problems that have arisen in other parts of the

Australian Administration in Papua

Empire the Imperial Administration had never allowed the introduction of labour from over seas into Papua, and although this policy was continued with even greater strictness by the Commonwealth Government after 1906. Had the importation of Asiatic labour been allowed, Papuan development would have been enormously accelerated, but only at a price of racial discord which the Government was not prepared to pay. Thus the only labour available in Papua has been that which could be recruited from among the native Papuans. The population of Papua is small—the native inhabitants are estimated at 275,000—but the labour supply has always responded to the demand, though there has never been anything to spare, and in quality the Papuan labour is probably as good as elsewhere in the Pacific. The opinions expressed by employers are varied in the extreme—some will tell you that it is the best labour in the world, and others that it is absolutely the worst—but it is interesting to note that the low wage of 5s. a month paid in the Mandated Territory is justified on the ground that a native of that Territory only does about half as much work as a native of Papua ; and from this one may conclude that labour in Papua is probably as good as in other parts of the Pacific.

Still the plantations in Papua have so far not been profitable, and it is interesting to consider why this has been so. Originally the tendency was to blame the Government, but of later years a more reasonable view has been taken.

Probably many companies would have been paying dividends long ago, had they not (very wisely) been putting their money into the extension of their planted area ; but what has really affected the Papuan planter has been a succession of extraordinary pieces of ill fortune.

Rubber boomed in price some 15 or 20 years ago, but by the time that the Papuan plantations were producing the market was falling rapidly, and continued to fall until it no longer paid to tap the trees. Now the price is struggling back, and planters in Papua are beginning to tap

Australia

again, but only after years of very heavy loss. So with copra. When Papuan cocoanuts were first coming into bearing the Great War burst upon the world with its general disorganisation and disruption of commerce, and after the war came the Navigation Act, so that Papuan copra, like Papuan rubber, has hardly had a decent market yet. If planters had enjoyed a few years of prosperity before this accumulation of disasters befell them, they might have amassed sufficient reserves to pull them through, but they had had no extended period of prosperity and they had to stand the full brunt of the war, the falling market, and finally the crowning horror of the Navigation Act, with no reserves at all. It is only their pluck and tenacity that has enabled them to survive ; and it may be hoped with some confidence that this pluck and tenacity will eventually be rewarded by the removal of the Navigation Act and the establishment of a stable market at reasonable prices.

The Annual Reports show the total area planted as 1,467 acres in 1907, nearly 43,000 in 1914, over 58,000 in 1919, and over 60,000 in 1923. Exports show £63,000 for 1906-7; £123,000 for 1913-14; £270,000 for 1919-20; £239,000 for 1923-4. Imports for the same years are £87,000; £212,000; £422,000; £354,000. These figures would be satisfactory but that they disclose the fact that development has practically been stationary since 1919.

This is the result, partly of unsatisfactory prices, but chiefly of the Navigation Act. This is an Act which was originally passed by the Commonwealth Parliament in 1912, and which was not extended to Papua and the Mandated Territory until 1922, although its threatened extension had cast a shadow over Papuan development for some time previously. The effect of extending this legislation to the Territories is to make the ports of those Territories Australian ports within the meaning of the Act, so that no vessels, except those which comply with Australian conditions, can carry passengers or cargo between Australia

Australian Administration in Papua

and any port of Papua or the Mandated Territory. The practical result is that all Papuan overseas trade is confined to one shipping company trading between the Territory and Sydney ; and it will remain so confined until Papuan exports are sufficient to provide regular cargoes to Europe. No fresh investment of capital for agricultural development can be expected while that Act is in force, for investors will naturally seek fields where they are assured of commercial freedom ; but existing plantations may do well, with such assistance as the Commonwealth may give to make up for the handicap which it has imposed. Even if the Act is removed, the effects of the removal will not be immediate, for there will be a fear (although almost certainly a groundless fear) that it may be reimposed ; but by degrees this anxiety will disappear, and the prosperous days of 1910-14 may return, when Papuan plantations were extending rapidly, and Australian, Dutch and German shipping were competing for Papuan trade.

There can be no doubt that the Navigation Act must eventually be removed, for its continuance and the consequent shipping monopoly seem quite inconsistent with Australian ideas, but immediate relief may come from the growth of the mining industry. A good mine will carry a handicap which would crush a cocoanut plantation, and the development of Papua may be in the future, as it was originally, in the direction of mining rather than agriculture. There is a vast copper field in the neighbourhood of Port Moresby, and the adequate development of this field or the discovery of petroleum in commercial quantities might revolutionise the conditions of the Territory completely. It is certainly to be hoped that some new industry may soon arise to make up for the complete stoppage of agricultural development. It is possible that this new industry may take the shape of plantations owned and managed by natives, on lines somewhat similar to those on which the native plantations of West Africa are conducted. Such plantations have been established in Papua, and have

Australia

been as successful as could be anticipated with so primitive and conservative a people. Last year about 180 tons of rice (unhusked) were produced by natives of the Gulf of Papua, and other cultures which have been encouraged are cocoa, oil palms, cotton, and of course cocoanuts. The policy should be persevered with in spite of difficulties and disappointments, but it will not be for some years that the native plantations can be expected to make any noticeable addition to the volume of Papuan exports.

It has been said that the greatest asset in Papua is the native population, and doubtless this is true, for without the natives there would be no labour, and without labour there could be no industry. But the Papuan Government, with the full approval of the Commonwealth, has consistently taken the higher view, and has realised that the natives are something very much more than an asset—that they are a very grave responsibility.

The native policy of Papua has been entirely original. Questions of purely native policy, such as native taxation, native education, native agriculture, and so on, had not arisen in the time of the Imperial administration. Of course, anything like ill-treatment and oppression of natives had been sternly discouraged by both the Imperial Lieutenant-Governors, but this did not carry one very far towards the discharge of the "sacred trust" which has since been discovered to exist between Governments and their primitive subjects. Nor were precedents from other countries of much assistance, on account of the difference in the character of the native populations.

So the Australian Administration had to formulate a policy for itself, and fortunately it seems to have hit upon the right one. It is a commonplace nowadays that a wise native administration should endeavour so far as possible to retain native customs ; this has become a commonplace through the writings of Dr. Rivers and others, but it was not a commonplace in 1907. So it is perhaps fortunate that the Papuan Government acted from the very first upon

Australian Administration in Papua

those lines. There are of course certain customs which clearly should not be retained. It is said that some anthropologists would contend that cannibalism and head-hunting should not be put down, because, they argue, the harm you do to the native community by suppressing these practices (which are often closely interwoven with the whole social fabric) more than counterbalances the suffering and loss of life which they involve. But torture, for instance, no one would defend, nor would any sane administration tolerate cannibalism and head-hunting whatever disaster their cessation might cause to the social organism.

However, there are many native customs which are either harmless or even beneficial, and the policy has been to preserve those, and also other customs which, though in some ways objectionable, are not wholly evil. Feasts and dances, for instance, do much harm by creating an artificial famine in the village during the time immediately preceding the feast—for all food must be preserved for the great ceremony—and a very real famine afterwards when all the food has been consumed, and they also lead to feuds and loss of life. But they are not wholly evil and are therefore not interfered with, and are even encouraged.

It is of course quite impossible to keep native customs alive indefinitely in a stone age community like that of Papua, where every European resident acts as a solvent of the old culture, however much he may wish to preserve it. The Papuan Government recognises this, and its policy is to maintain the most useful of these customs as long as possible until the native can adapt himself to the new life which the arrival of the white man has made inevitable. The idea that the Papuan can go on with his head-hunting and his cannibal dances while the white man is searching for minerals alongside his village, and is preparing to bore for oil in his sacred places, is one which no administrator and no sane anthropologist will admit for a moment. The Papuan must adapt himself ; his old culture will leave him

Australia

more or less rapidly according to circumstances, and the question arises, what is there to put in its place?

Now as regards his religion—his indigenous ritual and his traditional morality—there seems to be no difficulty; when this goes, as it must eventually, there is only one thing which we can put in its place, and that is some form of Christianity. It is not in the least a question whether Christianity is true or false, or whether it is good or bad, though one may conjecture that if it is good enough for Europe it is good enough for Papua; but true or false, good or bad, it is the only substitute, and the Missions deserve well of the Administration in making Christianity available to the native.

So with regard to other customs—head-hunting, for instance, and tribal warfare. If these are suppressed, as of course they must be, something must be provided to take their place. Whatever is provided will be infinitely tame and uninteresting in comparison with what is taken away. The natives in some parts of Papua put a pig in the place of the man who was to be eaten, but a pig must be a very poor substitute for a hereditary enemy, and equally poor as a substitute is the activity which has been offered to the Papuan in place of the delights of battle and blood-shed. Industry is the alternative which has been put before him—certainly a most unsatisfying one, but the best one probably that can be devised—and the object aimed at is to substitute an industrial for a military ideal, and to turn a tribe of disappointed warriors into a more or less industrious race of artisans and agriculturists. Sport, too, cricket, and to a less extent football, and recently hockey, have been valuable in taking the place of the old customs, and in giving the native an interest in life; but unfortunately they are hardly possible except in the neighbourhood of centres of European population. All kinds of sport are encouraged both by the Government and missionaries and also by many employers of labour, with the happiest results, but it is not to be expected that any of our games will

Australian Administration in Papua

extend beyond the direct influence of the Europeans. They would be especially valuable in taking the place of the native dances which are dying out in many parts. It is interesting to note that Christian natives have occasionally given up dancing of their own accord, and even against the advice of the missionary, who has wished the dancing to continue. "We know more about it than you do," say the natives, "we know that the dances are bad, and we do not want to have anything to do with them." It is difficult to make a man dance against his will, but he may be induced to play cricket; and it is hoped that in time he will.

This is being done partly by technical education, with the assistance of the Missions, but principally by the encouragement of native agriculture. This has been made possible by the system of native taxation which was introduced a few years ago. The maximum tax is fixed at £1 a head per adult male, with exceptions in favour of certain classes such as the Native Constabulary, and also of the fathers of four children, and the money collected is paid, not into revenue, but into a certain fund which can only be expended for native education and other purposes which are solely for the benefit of the natives. The costs of the native plantations are borne by this fund, and the earnings of the plantations are divided between the fund and the natives who have worked on the plantations. If the native plantations which are now being established are successful, much will have been done to help the native race in their perilous and rapid passage from the Stone Age to the twentieth century, and something to assist in the development of the Territory. The plantations should certainly succeed if the policy is persevered in. The chief obstacle is the incurable conservatism of the native, and his inability to see any good in anything which was not done by his grandfather. But a few good harvests may overcome this conservative instinct and then all should go easily enough.

Papua is no longer the *terra incognita* that it was twenty

Australia

years ago. Most of the Territory is now under Government control, and nearly the whole of it has been explored. This has been the work of officers of the Papuan service, who have carried out a very difficult duty with a courage, a tenacity and a restraint for which they get but little credit. Most of them have a fair knowledge of social anthropology, and contributions by them appear not infrequently in anthropological journals.

No review of the period of Australian control in Papua would be complete without reference to the work of the Administrator, Sir Hubert Murray. Sir Hubert has held his present position for some twenty years, and is now able to see the reward of the foresight with which he established his scheme of government and the patience and determination with which he has adhered to it. The most conspicuous feature of his policy has been the fidelity with which he has followed the British ideal of a trusteeship for the native races. Mainly for that reason he has been subjected from time to time to some severe criticism both from residents in Papua and from Australians. To-day, however, the value of his work is universally recognised. His critics admit that had not the interests of the natives been safeguarded, the maintenance of development in Papua would have been impossible, and all observers bear witness to the energy which he has shown in the exploration of a difficult country. The Administration has been handicapped by scarcity of funds and by the lack of any satisfactory system of recruiting the civil service. These difficulties have been overcome mainly through the personality of the Administrator, whose example has been reflected in the work of his subordinates, and has earned him the gratitude of his fellow-countrymen.

The Papuan is well worth preserving, and it is hoped that the sincere efforts which are being made to prevent his even partial extinction may be crowned with success; and the evidence points to the conclusion that they will.

The Waterside Disputes

II. THE WATERSIDE DISPUTES

TOWARDS the close of 1924 a series of waterside industrial disturbances commenced which extended into 1925, and resulted in a very serious dislocation of Australian shipping facilities. Of these the two most important were the "overtime" strike on the part of the waterside workers—*i.e.*, the wharf labourers, and the "picking-up" dispute on the part of the seamen, but also associated with these were several minor disputes.

The "overtime" dispute was really the aftermath of the great industrial upheaval of 1917. That trouble extended to the seafront and, as a result of the general paralysis of the shipping industry, the overseas and other shipping companies established in Sydney what was then known as the Shipping Labour Bureau, which provided sufficient labour for their purposes free of control of the unions. At that time the membership of the Bureau was confined to loyalists (those who had stood by the employers during the 1917 trouble) and returned soldiers and sailors who were engaged from time to time on a more or less permanent basis, as against the purely casual nature of employment on the wharves generally.

The Bureau was always a thorn in the side of the trade unionists, particularly in view of the preference in regard to employment granted to returned soldiers by Act of Parliament of the State of New South Wales, and the collateral refusal (in December 1923) of the Commonwealth Court of Conciliation and Arbitration to grant to the members of the Waterside Workers' Federation the full measure of preference in employment desired by that union.

The situation was tolerated, however, with but few surface rufflings, up to a point at which it was considered that the Bureau had materially changed in the nature of

Australia

its membership and objectives. The main objections to the Bureau raised by the Waterside Workers' Federation were (*a*) that the preference of employment had outlived its justification, as there were now very few returned soldiers or loyalists in a total membership of about 450, mostly non-unionists; and (*b*) that the Bureau was intended to be used as a strike-breaking weapon against the unionists, and that its existence threatened the solidarity of labour.

On October 20 the Waterside Workers' Federation announced its intention to institute a modified strike with the object of securing the abolition of the Bureau. The initial action taken by the Federation was to prohibit the working of overtime in the handling of cargoes, and consequently all work on the wharves was to cease at 5 p.m. daily. This edict was to apply to intra-state and inter-state as well as to overseas shipping.

It was not long, however, before the Waterside Workers realised that their policy was not injuring the overseas interests, which were the main support of the Bureau, but those of the inter-state shipping companies, against whom they had little cause for complaint, inasmuch as these companies had always secured their casual labour through the Federation. The President of the Commonwealth Arbitration Court called the parties into open Court and ordered the men to resume work so far as the inter-state vessels were concerned before Monday, November 17, 1924, if the Court were to deal with the real dispute. The ban on inter-state boats was thereupon lifted as from the date mentioned. This phase of the "overtime" strike had lasted twelve days, and it has been estimated that the workers lost in overtime payments a sum of £20,000 to £30,000.

The closing of the dispute, so far as inter-state vessels were concerned, was followed by concentrated effort by the Waterside Workers' Federation against the overseas vessels. It was decided to declare "black" all such

The Waterside Disputes

vessels as had been handled through the Sydney Overseas Shipping Bureau. As there were no competing organisations of free labour in the other Australian seaports, the Federation was in a position to make its threat effective. The ban was subsequently extended to include all overseas boats, and the losses and inconvenience to these vessels in the various ports of Australia were enormous. Exceptions were made, however, in the case of certain lines of steamers which secured their labour through the Federation.

The matter assumed very serious proportions, and was fast paralysing the overseas shipping industry. The Federal Government considered the matter and called a conference of the parties for December 12, 1924. This conference agreed to the abolition of the Overseas Shipping Bureau as from February 28, 1925, all employees thereof to be dismissed by January 6, 1925, but to be employable as casuals up to February 28. Work was consequently resumed at the waterfront on a normal basis on December 15, but the general congestion which everywhere prevailed took a considerable time to relieve.

The "overtime" strike was thus a clear cut fight between unionism and non-unionism, and in this instance victory for the time being undoubtedly lay with the unionists, since they gained their original objective, the abolition of the Bureau. Subsequently, however, some of the dismissed members of the Bureau formed another organisation and continued the fight for the principle of "free" labour, but in view of the terms of the settlement and the subsequent attitude of the owners this should not constitute a serious menace to peace on the waterfront.

The success which had attended the fight of the Waterside Workers for the abolition of the Overseas Shipping Bureau emboldened the seamen to make a determined effort to secure the removal of another long-standing grievance of their own—viz., the system of "picking-up" crews at the ships' side. It was considered by the Seamen's

Australia

union that their own headquarters in each State capital city was a more appropriate place from many points of view, and accordingly, on January 1, 1925, the union informed the Australasian Steamship Owners' Federation that the picking-up places in future would be their own union rooms in the various capitals. The owners offered to pick up at the Mercantile Marine Offices, but this was refused by the union. The immediate result was the actual hold-up of all inter-state shipping. It is probable that behind the seeming trivialities of the dispute lay an important principle—who was to choose the crews. The enrolment of crews at the union rooms leads to the union supplying the crews, and it has now become the settled policy of many unions that men shall be engaged through the union alone. It is no longer a question of the employment of unionists or non-unionists, but of the determination by the union which of their members shall work in particular jobs, and of the order in which they shall receive employment.

The matter came before the Commonwealth Court of Conciliation and Arbitration, and the President delivered an award in which he definitely fixed the Mercantile Marine Offices as the "picking-up" place for each State, but this did not result in the immediate settlement of the trouble.

At this point the Federal Government stepped in and lodged an application for the deregistration of the union, and at the same time announced its intention to charter sufficient steamers to maintain essential services. The Government chartered the s.s. *Nairana*, manned her with a volunteer crew and duly despatched her to Tasmania, thus renewing a service which had been broken for twelve days. In the meantime the various branches of the Seamen's union conferred as to the acceptance of the award of Mr. Justice Powers, but came to the decision not to attend at the places indicated. The shipowners lodged a further application for the deregistration of the union,

The Waterside Disputes

thus duplicating the Government's action. The Court issued a final warning that if crews were not picked up by 3 p.m. on January 29, the union would be deregistered and its awards cancelled. The only obstinate section of the union at this stage was the Sydney branch, and with its decision to observe the award the strike ended on that date. The loss incurred by the workers is difficult to estimate, but one reliable authority placed it for Melbourne alone at £40,000 for the wharf labourers and £15,000 for the seamen.

As regards the numerous smaller strikes which occurred at this period right round the Australian coast, mention can only be made of two which were of an outstanding nature—one relating to the chartering of boats on British articles by the Commonwealth Line of Steamers, and the second to the Fremantle Harbour strike.

The first of these was due to objection of the Seamen's union to the action of the Commonwealth Line in chartering these boats while many of their own vessels were lying idle in eastern harbours. Several boats were declared "black" in this connection, but the payment of Australian rates while in Australian waters demanded by the union was refused, and other steps taken by the management of the line in regard to cargo operations relieved the boats of further molestation on that particular ground.

During the currency of the "overtime" strike matters were aggravated by the occurrence in the port of Fremantle, West Australia, of a strike by the employees of the Fremantle Harbour Trust (engaged in the pilot boat, ferries and quarantine services) and the crews of harbour tugs. The cause of the dispute was the great delay on the part of various Government departments of Western Australia in dealing with a log lodged by such employees asking for increased wages and improved working conditions. The dispute commenced on November 25 and ended on December 17, 1924. It had the full sympathy and support of the Seamen's and Waterside Workers' unions, and the resultant

Australia

inconvenience to shipping can easily be imagined. Improved conditions were ultimately conceded by the Government after a conference of the parties. The most striking incident in this dispute was the refusal of the West Australian Government to guarantee police protection to volunteer crews, although requested to do so by the Federal Government.

Although apparently finality has been reached in many disputes, it is not certain that the waterside troubles are at an end.

Undoubtedly the Seamen's and the Waterside Workers' unions wish to establish a unified control over the whole maritime organisation for tactical reasons in future disputes. A movement has been launched for the formation of a confederation of all transport unions, with a view to the co-ordination of their forces to meet possible future emergencies. If this is successful, it is to be hoped that the demands of the men will be tempered by reason and with due regard to the capacity of the industry.

The Commonwealth Government, in common with many other large employers, is fully aware of the serious position into which industry is drifting as the result of oft-recurring industrial strife. If, however, the utterances of the Prime Minister can be taken as representing its views, the Government recognises that arbitration has become part of the industrial system of the Commonwealth, and that it cannot be either abolished or replaced by anything better, such, for example, as the system of conferences, which is strongly advocated in many quarters. The Government realises that much can be done to improve the present arbitration system, especially by the prevention of the overlapping of State and Commonwealth awards, and proposes, *inter alia*, to give the unions greater recognition by law, and make appropriate provisions for their management and conduct. Recent pronouncements in this regard indicate that something definite along these lines will be attempted at an early date.

The Second Chamber in Tasmania

III. THE SECOND CHAMBER IN TASMANIA

AT the end of November 1924 the Tasmanian Legislative Council (the Upper House of the Legislature), after long and somewhat ill-informed debate, passed the estimates of expenditure for the year with amendments of very wide scope, which cut down the proposed expenditure item by item, even in respect of trivial details of administration. The Council, which is elected on a property qualification and cannot be dissolved, has in the past assumed the right to amend money Bills, and this assumption has been allowed with more or less protest from the Lower House. But hitherto such amendments have not been substantial enough to challenge seriously the right of the Government to govern. On this occasion they altogether passed this limit, and the House of Assembly at once and unanimously passed a resolution calling for an "authoritative decision" on the powers of the Council in respect of money Bills generally. With respect to the Bill in question, however, they proceeded by the ordinary routine of conference between representatives of the two Houses to try and induce the Council to waive their amendments. Conference effected little and the Assembly proceeded by 17 votes to 10 to direct the Speaker to present the Bill without the Council's amendments for the royal assent "in order to obtain an authoritative decision as to the powers of the Legislative Council in regard to money Bills." The Lieutenant-Governor, Sir Herbert Nicholl (who was also Chief Justice), reported the matter by cable to the Colonial Office and asked for direction; he stated his own opinion and indicated his readiness to give a decision "with the utmost confidence," if the matter was left to him. The Secretary for the Colonies in reply

Australia

declined flatly to express an opinion on the powers of the Council. He went on :

Action to be taken on resolution which has been passed by Assembly is in the first instance matter for consideration of your Ministers. If, after such consideration and after their Law Officers have given their formal opinion in writing, that assent can be properly given, they then advise you to assent, and if you assent accordingly, responsibility will rest exclusively with your Ministers and no question can arise as to the constitutionality of your actions.

Ministers thereupon gave their advice, backed by a written memorandum by the Attorney-General, and the Lieutenant-Governor promptly gave the royal assent.

Three weeks later, the Council deleted an important clause from the Land and Income Taxation Bill. Exactly the same procedure was followed, and the Speaker was in the end directed in identical language but by a slightly smaller majority to present the original Bill for the royal assent. Meanwhile a newly appointed Governor, Sir James O'Grady, had taken the place of Sir Herbert Nicholl, and after due interval for becoming conversant with the position gave to this Bill also the royal assent.

In December, the full text of all cables and documents relating to the Appropriation Bill was published. A lengthy statement describing and criticising in detail the procedure was thereupon adopted by the Council and sent for the "information and consideration" of the Secretary of State for the Colonies. The form of this memorandum does not seem to require any answer beyond a formal acknowledgment.

While public opinion is in general adverse to the claims of the Council, the method of rejecting them meets with a good deal of criticism. The ruling of the Secretary for the Colonies leaves the matter in a very unsatisfactory state in that powers of Council are made to depend on the opinions of the Ministry holding office at any time. The Crown Law Officers must in the last resort narrow down to

The Second Chamber in Tasmania

the Attorney-General, who is an important member of the Cabinet. In this case there is no evidence that any Crown Law Officer except the Attorney-General thought that the royal assent could be properly given in the way in which it was, in fact, given. The opinion of the permanent Law Officers, as printed, was adverse to the Council's powers, but did not touch the question of giving the royal assent in the old formula. It appears, then, that when a Ministry in general, and the Attorney-General in particular, takes a sufficiently adverse view of the Council's powers to amend money Bills, those powers cease to exist. But when a new Attorney-General takes office, who does not hold that adverse view, or even if, with an adverse view, he is somewhat more scrupulous in the use of language, then those powers are reinstated with unimpaired validity. An action against the Crown by a taxpayer, which would probably be carried ultimately to the Privy Council, is perhaps the most likely road to a permanent settlement.

There are two points at issue which should be clearly distinguished : (1) whether the Tasmanian Upper House has the power to amend money Bills ; and if not, what is the legal effect of an amendment attempted by that House ; and (2) whether a Bill assented to by the Governor without the concurrence of the Upper House can be regarded as an Act of the Parliament of Tasmania, seeing that Parliament according to the Constitution Act of 1854 is made up of " the Governor, the Legislative Council and the House of Assembly."

Australia. March 31, 1925.

SOUTH AFRICA

I. THE RETURN TO THE GOLD STANDARD

THE legal tender money of South Africa consists—apart from gold—of gold certificates and South African Reserve Bank notes. The former represent gold actually held by the Treasury, but their redemption has been suspended since they were first issued under the Currency and Banking Act of 1920. Reserve Bank notes are legal tender, except for payments tendered by the Reserve Bank. These notes must be secured as to not less than 40 per cent. in gold or gold certificates and as to the remainder in commercial paper and trade bills, or since 1923 in Union or British Treasury Bills of a currency not exceeding 90 days, provided that such Treasury Bills held shall not exceed (a) 35 per cent. of the note issue, and (b) 40 per cent. of the total amount of commercial paper and trade bills held by the bank. From the above it is clear that South Africa has had for some years, and has at present, a monetary standard practically independent of the monetary standards of other countries. But the suspension of the redemption of gold certificates comes to an end on June 30, 1925, unless further legislation is introduced and, since the Union Government has decided not to prolong the period of irredeemability, it follows that South Africa will return to the gold standard on that date.

This decision was arrived at on the recommendation of two Commissioners—namely, Professor E. W. Kemmerer

The Return to the Gold Standard

of Princeton University, and Dr. C. Vissering, President of the Netherlands Bank—who were invited “to visit the Union and investigate the question of the restoration of the gold standard by the Union independently of the United Kingdom.” The Commissioners considered that the problem practically narrowed itself down to the question :

Should South Africa, in determining now her future monetary policy, decide to tie up definitely with sterling, hoping that sterling will return to the gold basis soon, but being prepared to follow sterling wherever it may go, or should she decide to tie up definitely with gold ? (For) your Commissioners believe that South Africa is too small a country, from an economic point of view, to have a monetary standard so independent of the monetary standards of other countries, and that it is clearly to South Africa's interest to tie up definitely either with sterling as Egypt has done, or with gold as Canada is doing. The question is which ?

In addition to hearing the evidence of many South Africans, the Commissioners had discussions in London with a number of distinguished British economists. Their report* recommends a definite return to the gold standard on July 1 next and the removal of all restrictions on the free movement of gold coin into and out of the Union and of all restrictions on the melting of gold coin. The reasons for these recommendations may be summarised as follows : Conditions in South Africa were to-day more favourable to a prompt return to the gold standard than they had been at any time since gold payments were suspended (December 15, 1920). First, the South African pound, measured by the bank's telegraphic transfer rates on London taken in connection with the dollar rate in London, had not for two months before January 3, 1925, been below 2 per cent. of gold parity, and on January 3, 1925, was about 0·86 per cent. above gold parity. In the circumstances, South Africa might find itself practically back on a gold standard with gold coin in circulation long

* U.G. No. 12, '25.

South Africa

before July 1.* Secondly, money was worth what it would buy, and therefore the best test of the value of money was to be found in price index numbers. The wholesale price level in South Africa, for October 1924, was—excluding the price of gold—lower in relation to the price level immediately before the European war than that of any other country in the world for which we had comparable statistics. The figures for South Africa, Great Britain and the United States were, respectively, 133, 167 and 149. The best evidence available therefore seemed to show that the currency in South Africa was already deflated not only to the gold standard level, but probably somewhat below. Therefore, a return to the gold standard would probably require no more deflation. That disagreeable process had already been carried out during the last 4½ years. Thirdly, South Africa was in a strong gold position. At the time of writing the report, the Reserve Bank had a gold reserve representing 64 per cent. of its outstanding notes and deposits combined. The two principal commercial banks in South Africa were holding heavy sterling balances in London. South Africa could replenish her supply of gold coins at short notice by simply diverting a small stream from her annual outflow of gold to the Pretoria Mint. She no longer needed to wait until gold could be coined in London and shipped to her shores, but, being the premier gold producing country in the world and producing three-fifths of the world's annual output, she could tap the supply at the source and no country, therefore, could prevent her from getting promptly all she was willing to pay for. Further, the facts that the year 1924 had been a successful one for the gold mines and that the present agricultural prospects were excellent, were both favourable to an easy return to the gold standard.

If, on the other hand, said the Commissioners, South Africa were to tie up with sterling, and if, by any chance,

* This has actually occurred, for the mines have already (April 1) paid out their employees in gold coin.

The Return to the Gold Standard

sterling were again to depreciate as a result of inflation in Great Britain, South Africa would practically be compelled to follow sterling wherever it went. The Commissioners did not think it practicable to tie up with sterling, but to place a limit below which South Africa would not follow sterling, for all the arguments and sentiments which might to-day determine such a decision would be equally likely to prevail in the future. If, on the other hand, South Africa followed sterling unconditionally, she might find herself involved in all the evils of inflation and later, on the assumption of an ultimate return to gold parity in accordance with the declared policy of Great Britain, in all the evils of deflation. It was not anticipated that sterling would in fact depreciate again in the future. On the contrary, the Commissioners hoped and expected to see sterling at par with gold on July 1 next. But they preferred not to rest their recommendations to the South African Government on the assumption that such a return would in fact take place.

Gold itself, unfortunately, was not highly stable in value*, though since 1921 it had been reasonably stable. But managed paper-money standards had proved to be more susceptible to manipulation and political pressure than the gold standard. The Commissioners did not overlook the reasonable stability of the British price level during the last three years, but thought that under present conditions a gold standard was much more likely to be reasonably stable in value during the next few years than any managed paper-money standard. It was, therefore, their belief that the wise and conservative action for South Africa would be to clinch gold parity while it was here. The advantages, briefly summarised, were as follows :

(a) Greater stability in internal and external purchasing power of the South African pound than if South Africa were to link with

* On this subject and the general question of gold as a standard of money, see the last number of *THE ROUND TABLE*, No. 58, March 1925, p. 242.

South Africa

sterling and the latter were not soon to return permanently to gold parity.

(b) Greater stability in interest rates and a lower level of real interest rates because of the removal of the risks incident to an unstable currency.

(c) Stability of exchange with gold standard countries, which were continually increasing in number, and in which a large proportion of South Africa's products (*e.g.*, gold and diamonds) found their consumers' market, which ultimately determined the price South Africa received.

(d) Greater confidence abroad in South Africa and resulting encouragement of capital investment here. Conservative capital sought markets where prospects of currency stability were good.

(e) Greater confidence of Labour, which distrusted inconvertible paper.*

(f) Gold money was convenient for labouring people, and was more sanitary than notes. Natives in South Africa, moreover, often lose their notes owing to the inflammable nature of their dwellings.

(g) A benefit to the gold industry in South Africa through encouraging by example the return of other countries to the gold standard. The Commissioners had often heard abroad statements to the effect that "if South Africa, the largest gold-producing country in the world, cannot or will not return to the gold standard, how can our country be expected to do so?"

The greatest disadvantage of a return to a gold standard would be the danger of a more variable exchange rate between South Africa and Great Britain, the country with which South Africa carried on the major part of her foreign trade. As against this :

(a) There was no permanent advantage to the exporter or disadvantage to the importer in a high rate of exchange, and *vice versa*. Whatever advantages and disadvantages occurred resulted only from changes, *i.e.*, from rising or falling rates of exchange. These

* In this connection it is interesting to note that when convertibility was suspended in South Africa, the Government issued a proclamation to the natives assuring them that the paper pound would be just as good as the sovereign and would buy just as much. The depreciation in the purchasing power of gold that was brought about by the war and the world inflation prevented this assurance from being quite so great a mockery as it might have been, but as it is, it gives food for reflection.

The Return to the Gold Standard

were temporary in character, and adjustments were usually effected in a few months' time.*

(b) Every movement in exchange that benefited the exporter harmed the importer and *vice versa*. In the long run, what a country gained on the side of exports by a fluctuating exchange it lost on the side of imports and *vice versa*.

(c) The risks due to a fluctuating exchange could be minimised by making forward exchange contracts. There were very few stable international exchanges in the world to-day and most countries carried on the principal part of their foreign trade with countries with which they had unstable exchanges.

Another disadvantage urged of South Africa breaking with sterling was that of doing her public borrowing in a market having a different monetary standard from her own; for London was her natural market. But if, e.g., there were a likelihood of sterling appreciating, that likelihood would be reflected in interest rates. Still, there was a risk, and the Commissioners recommended that South Africa should, while such conditions continued, reduce her public borrowing to a minimum and do such borrowing as was necessary, as far as possible, on a gold basis either at home or abroad.

Some witnesses claimed that South Africa was not in a position to maintain a gold standard independent of Great Britain. The Commissioners had no anxiety on this point. Before the war South Africa had no difficulty in maintaining gold payments. To-day there were even new elements which strengthened her position. The establishment of a Royal Mint at Pretoria would enable her to meet her needs for specie more promptly than in the past, while the new Reserve Bank, through its centralisation of the country's bank reserves, and its liberal powers of note issue, its rediscount functions and its

* It had been urged before the Commissioners that the exchange rates which would be charged were sterling to occupy a position of depreciation in relation to South African money would seriously handicap the South African exporter. An exporter or importer was compelled by competition to pass on to others whatever benefits he received from temporary maladjustments between exchange rates, prices and wages.

South Africa

authority to operate in the open market, was in a position to exercise a conserving influence on the South African money market. The United States had to-day more gold than it needed and could probably release two milliard dollars without danger to its gold standard. It would sell this to any country willing to pay the market price. The danger, therefore, that the world would want South Africa's 12 to 14 million pounds of specie so much as to be willing to pay for it more than South Africa was willing to pay in order to enjoy the advantages of the gold standard was very remote. It was the experience of the Commissioners that when gold left any gold standard country in undue quantities it was usually pushed out by paper money and deposit currency inflation—not drawn out by newly created demands from abroad.

The Commissioners made various recommendations in regard to the Reserve Bank, all in the sense that that institution should operate much more actively in the open market than it had done in the past. There was no room for a purely bankers' bank in South Africa, where there were only three commercial banks, one of which was small. The first duty of such a bank should be to serve the public. This it could do by conserving the money market and assuring as far as possible equitable rates of discount and exchange. The commercial banks, so long as they did not need to call upon the central bank for aid, might refuse to follow its leadership and so prevent it from discharging its duties to the public. To some extent therefore open market operations on the part of a Reserve Bank were necessary to the proper discharge of its functions.

The overwhelming volume of evidence before the Commissioners was in favour of a return to gold, and the report has been generally well received. The chief opponents of such a step were, strangely enough, the official representative of the gold mining industry and the representatives of the two largest commercial banks. The chief objection of the former was based on the supposition that

The Return to the Gold Standard

the marginal mine would lose the "gold premium." As, however, the gold premium had already disappeared in South Africa at the time of his evidence—as he himself frankly admitted—his objection was rather to losing any possible future advantage that might arise from a depreciation of sterling not entirely compensated for by London-South Africa exchange rates. The *argumentum ad misericordiam* on behalf of the marginal mine possessed strong practical, if not theoretical, validity in 1920, when the country was just recovering from a dose of inflation. But to-day the great deflation has taken place. There has, since 1922, been a complete reorganisation of the mining industry. The gold premium is not relied on.

The chief argument adduced by the banks appears to have been that South Africa cannot maintain an independent gold standard because any depreciation of British sterling would, through the rise in exchange rates, lead to a large withdrawal of capital from South Africa; and attention was called to what happened in 1920. There is not space to deal in detail with this contention, which is broadly answered in the *résumé* of the report given above. But some reference may be made to what did happen in 1920. Before the passing of the Currency and Banking Act in that year South Africa was still on a gold basis to the extent that, although there were restrictions on the export of gold specie, the important condition of convertibility had not been suspended. Unfortunately, the South African banks, or some of them, especially in 1919 and early in 1920, issued much paper money, which they were by law then still able to do. At the same time, they do not seem to have appreciated the fact that British sterling had fallen below gold parity, and this error was reflected in the exchange rates charged by them. They inflated their credit and note issue to a point which reduced the value of South African money below parity and were thus able to treat it for exchange purposes as nearly equivalent to British sterling. The not very surprising difficulty

South Africa

they, therefore, found in keeping their gold reserves led to Government inquiry, after which the Currency and Banking Act of 1920 was passed :

To conserve the specie supplies of the Union by providing for the issue of gold certificates ; to provide for the establishment of a central reserve bank for the Union ; to regulate the issue of bank notes, and the keeping of reserves with a view to securing greater stability in the monetary system of the Union.

Clearly at that time it would have been impracticable to re-establish at one stroke the gold standard which had been insensibly abandoned. The country had adapted itself to different economic conditions. The loss of premium would have been disastrous to the mines. The sudden imposition of large exchange rates would have damaged our economic fabric. In fact, the imposition of a rate of 8½ per cent. is claimed to have led to an "export of capital" ; though others maintain that the large transfer of funds from South Africa to London in 1920 was due to the large influx of delayed imports rather than to heavy speculations in sterling. However that may be, those who to-day favour the return to gold contend that there is no analogy between the abnormal post-war period and the present day and that even in the unlikely event of sterling depreciating once more in relation to gold South Africa will have no difficulty in maintaining the gold standard.

Much confusion has arisen in the past from the assumption that the South African and British pounds are the same. Large concerns having funds in both countries have been in the habit of keeping their books as if they were dealing with only one kind of currency.* Reference

* It is rather amusing to note that the mines have for long expressed irritation at the exchange rates charged by the banks. The greater relative limitation and consequently value of South African money as compared with English had force to be reflected in exchange rates, but the mining industry, like many others, proclaimed the banks thieves. But currency controversies make strange bedfellows.

The Return to the Gold Standard

should be made to another point. The Commissioners who reported to the Government recommended that, in order to return to the gold standard, existing legislation should be allowed to stand. The Currency Act of 1920 (Section 7) provides that whenever the market price of gold in the Union should exceed £3 17s. 10½d. per standard ounce the Governor-General may by proclamation declare that the redemption of gold certificates is suspended while such excess continues, and that such proclamation shall be deemed conclusive evidence of such excess. Such a proclamation was, of course, made, and recently a question was asked in the House of Assembly whether, seeing that gold is now selling in the Union at less than £3 17s. 10½d. per standard ounce, the Minister would favourably consider terminating without delay the inconvertibility of South African paper money by rescinding such proclamation. The answer was in the negative, on the ground that the decision not to resume gold payments before July 1 had the support of the Commissioners consulted by the Government, for the reason that the date was then fixed and all interests were given ample notice. As a matter of fact the Commissioners advised that existing legislation should take its course, and the vesting in the Governor-General of the power to issue such a proclamation as that mentioned can, in the opinion of many, hardly have been intended to give the Government a discretion to continue inconvertibility when the price of gold had for more than three months been down to the required level. Further, the Commissioners stated that "conditions in South Africa at the present moment are favourable to a prompt return to the gold standard." There is strong opinion that the refusal of the Government to rescind the proclamation enables the bankers to continue to charge Union exporters exorbitant rates for the transfer from London of funds received for products such as wool. Not long ago *The Times* stated that a shipment of £500,000 in gold was made from the Cape to Australia at a cost of about $\frac{3}{4}$ per

South Africa

cent. below the T.T.* rate. Thus, Australian exporters have received money at 15s. per £100 less than the rate charged by the banks. It is suggested that had the proclamation referred to been rescinded this money would have gone into circulation in the Union and ultimately have forced the banks to give better rates to South African exporters. In this connection, it is believed that the capacity of the Pretoria Mint is not as great as it was thought to be. This, it is contended, also for similar reasons tends to place exporters at the mercy of the banks.

The report of Professor Kemmerer and Dr. Vissering has been set out at some length because the problem of currency and exchange has also been causing some anxiety in Australia and New Zealand. An article from New Zealand in the last number of *THE ROUND TABLE*† gave an opinion that New Zealand money was worth more than British money owing to greater deflation, and called attention to the accumulation of balances in London. The writer said : "The traditional effect of the present position of the exchanges is to discourage exports and encourage imports, precisely the effect that we do not wish to see realised." Exports can only be paid for by imports unless it is desired to give something for nothing. But it is suggested that the absence of some common recognised medium for the payment of balances is a grave inconvenience. Fortunately, the signs seem to be that Great Britain will return to a gold standard, or exchange standard, before long, and in that case the problems raised will solve themselves.

In conclusion, it is of interest to note that there has been some discussion recently in South Africa regarding the monetary unit. It is understood that Dr. Vissering presented a separate report to the Minister on this subject, as also upon the banking system in South Africa.

* i.e., Telegraphic transfer rate.

† *THE ROUND TABLE*, No. 58, March 1925, p. 425.

Diamond Production and Marketing

II. DIAMOND PRODUCTION AND MARKETING

THE passing of the second reading of the Diamond Control Bill last March makes appropriate in this number a brief summary of the developments which have taken place during the last thirty years in the organisation of the production and marketing of diamonds.

Fundamental in the selling policy of the controllers of the industry is the view that, unless the production is strictly controlled, prices will fall to such an extent that the aggregate profit from a greater production will be less; in other words, that as the price falls there will be little extension of demand either for ornamental purposes or for new industrial uses. Since the amalgamation brought about by Rhodes in 1887 to 1891, De Beers Consolidated Mines and, since 1919, the four big producers have consistently pursued the policy of strictly controlling the supply of diamonds reaching the market, in order to maintain prices stable at a figure sufficiently high to secure very satisfactory profits. In the early days, amalgamation of producers led naturally to the formation of a selling syndicate. The existence of numerous sellers in London, each liable at any moment to be compelled by financial embarrassment to unload his stocks, was the cause of sudden fluctuations in price which reacted very unfavourably on production, and the original London Diamond Syndicate was formed to supersede them. It consisted of four firms financially interested in the mines and four London merchant firms without any such interest. Control of output was then comparatively easy, since the consolidated company supplied nearly the whole of the world's output; but in due course the maintenance of remunerative prices had its usual effect in stimulating new production, and after the opening of the Premier (Transvaal) Diamond Mining Company in 1903 prices began to fall.

South Africa

The American crisis of 1907-8 influenced prices in such a way that there was a split in the Diamond Syndicate, and the merchant members retired, having little direct interest in the prosperity of De Beers. Their share was taken over by the other four companies; Wernher Beit and Co., Barnato Bros., Mosenthal and Dunkels and Co. At the same time another fall in prices occurred as the result of the commencement of steady production by the German South West African companies.

Shortly after the Armistice the four large-scale producers, De Beers Consolidated Mines, the Premier (Transvaal) Diamond Mining Company, the New Jagersfontein Diamond Mining Company and the Consolidated Diamond Mines of South West Africa, concluded an inter-producers' agreement, abandoning the previous system of selling their diamonds to the London Diamond Syndicate under separate contracts in favour of an arrangement by which a definite quota of the estimated trade was allotted to each of the four, the proportions being 51 per cent. De Beers, 21 per cent. South West African, 18 per cent. Premier, 10 per cent. Jagersfontein. A second agreement between the producers and the London Diamond Syndicate provided for the sale of the diamonds to the syndicate for distribution, the amounts and prices to be agreed on January 1 and July 1 of each year for the following six months. Both agreements were for a term of five years. The syndicate received an allowance for carrying all the marketing risks, and profits over and above the expenses of selling were shared in the proportion of 60 per cent. to the producers and 40 per cent. to the syndicate. The intimate relation of the syndicate to the producers is evident from the fact that four directors of De Beers were members of the syndicate, and that the Joel companies possessed a one-third share in the syndicate whilst controlling De Beers, the Premier and the Jagersfontein mines. Other things remaining equal, the position in 1919 was a decided improvement on that existing immediately before the war.

Diamond Production and Marketing

The control of supply and the regulation of market prices seemed to be once more as complete as in the early days of De Beers Consolidated Mines.

The way of the monopolist, however, is hard. When a body of producers works together to maintain prices at a comfortable level, "other things" do not remain equal for long. The history of diamonds under price control has in the long run proved to be not unlike that of iron and steel in the third quarter of the nineteenth century, of light builders' castings in 1921 and of California raisins in 1922 and 1923; and wheat and maize promise to go the same way in the United States, in Canada and in South Africa. It is one thing to raise prices by controlling the output of certain producers; but it is quite another matter to prevent other people from stepping into the field of production and reaping the benefit of the enhanced prices. Alluvial diggers in the Union, and producers in British Guiana, Angola, the Belgian Congo and the Gold Coast, all benefited by the high prices of 1919 and 1920. The conference could probably have afforded to let these outside producers share the market they were regulating had not the slump followed with its tremendous fall in prices. The demand dwindled until the outside producers were able to satisfy it completely, and the syndicate could do nothing but hold on to the conference producers' output. The depression continued longer than was anticipated: war-time speculators who were caught in the slump were compelled to realise on the diamonds they had acquired during the boom, the Bolshevik Government in 1922 began to unload expropriated jewels valued at £25 to £30 million, and the production by non-conference producers increased steadily. The conference producers eased the burden of obligations which the Syndicate had undertaken, and the Syndicate, by increasing its working capital, involved in carrying stocks from the normal sum of three millions to over twice that amount, succeeded in tiding over the worst of the depression. Meanwhile the shareholders of the

South Africa

conference producing companies have been waiting for better times. A steadily increasing proportion of the demand is being supplied by outside producers whilst the conference companies alone are making any effort to maintain remunerative prices. Of the world's production for this year of £12·7 million, it is estimated that the four conference companies produce £8 million, uncontrolled alluvial diggings in the Union £2 million, other Union mines £·5 million, outside producers in South West Africa £·2 million, and non-Union producers £2 million (Angola £·4 million, Congo £·8 million, British Guiana £·8 million).

At the annual general meeting of De Beers Consolidated Mines in December 1924 the chairman ventilated the hope of shareholders that the Union Government would institute some sort of control over the alluvial diggings, and in particular control the proclamation of new fields and mines. As the law stands, the Government steps in when a new field is discovered, and after the owner's claim has been settled, the area is proclaimed as a public digging. The Government Department of Mines and Industries* holds the view that this system is probably better than non-proclamation, in that owners are at present deterred to some extent from prospecting for fear of their farm being proclaimed a public digging. The chairman of De Beers expressed his view that "it is impossible for any Government to discontinue proclaiming new fields unless the Governments of all diamond producing countries bind themselves to a similar policy. To achieve an international control of new sources of diamond production it will be necessary to have an international conference." The Select Committee on the Precious Stones Bill in its report published in April 1924 advocated Government control of the output and disposal of precious stones by all producers within the Union and South West Africa, and considered that an international conference might be necessary if the market was to be maintained.

* See the Report of the Secretary for 1924.

Diamond Production and Marketing

The Government, however, has other reasons for desiring control, which are responsible for the proposals of the Diamond Control Bill now before the House of Assembly, and the exclusion of the alluvial diggers from its provisions does not find favour with the conference producers. The Government's interest is largely financial. De Beers alone during the financial year 1923-24 paid taxes to a total of £532,983, equivalent to 37 per cent. of the profits for the year. In the case of the Premier Mine the Government has a 60 per cent. share in the profits, but no control over the management. In the case of the S.W. African mines it has inherited the very considerable rights of the former German Government, and through the Administrator of South West Province it can control both production and the disposal of the produce, while it is responsible for 70 per cent. of the working expenses and receives a 66 per cent. share in the profits. Compared with the S.W. African mines, therefore, the Government's control over the activities of the large producers in the Union is as insignificant as its financial interest is great. The Minister of Mines and Industries has presided at conferences of the producers and the syndicate which have met during the last few months to discuss the revision of the agreements, which were due to terminate on December 31, 1924. From the point of view of the Minister the agreement reached in January 1924, for the first six months of 1924, was much too favourable to the London syndicate and unsatisfactory for the producers. The present Minister in July 1924 witnessed the continuation of this agreement until December, and was powerless to prevent it.

Negotiations for a new arrangement between the producers have been difficult, and conferences under the chairmanship of the Minister were held in April, November and December of last year without an agreement being reached. The Government revenue is largely affected by the decision to continue the restriction of production and to maintain firm market prices, and the Minister could

South Africa

not but be acutely conscious of his impotency to control the dealings of the Union producers, particularly when, to quote his own speech on the second reading of his Bill, "the profits of the syndicate are made and spent abroad (and) the investments of the syndicate are made abroad." The Diamond Control Bill expresses the anxiety of the Government to secure a larger voice in the disposal of a valuable Union product.

In December last the Government presented an ultimatum. Either the conference must settle its differences and come to an agreement or the Minister would consider taking official action. The Bill for controlling the industry was ready, and the producing companies may not have been unaware of its existence. In January a new inter-producers' agreement was concluded between the four companies, and the quota of each was fixed; but no arrangement was come to with the syndicate. The producers were left free to dispose of their share of the output as they thought fit. As a result, the Anglo-American Corporation of South Africa made a separate offer for the output of the Consolidated Mines of South West Africa, and has concluded a five years contract, terms to be agreed upon every six months, by which the mines have secured a $2\frac{1}{2}$ per cent. increase in the initial price over and above the best offer received by the syndicate, in addition to an increase in the producers' share in the profits on sales. The Anglo-American Corporation, being themselves large proprietors of these mines, can afford to make the concession. At the same time the corporation has established relations with the outside producers of South West Africa, the Companhia de Diamantes de Angola (the only rival of Du Toits Pan in the steady production of large stones), the Forestière et Miniers in the Belgian Congo and the less important Gold Coast workings, leaving among the non-Union producers only the alluvial diggings of British Guiana uncontrolled. It appears that the conclusion of the contract for the South West African production has

Diamond Production and Marketing

spurred on the London Diamond Syndicate to make fresh proposals, for the Minister announced in the same speech that "The ultimate contract obtained from the syndicate with the Premier and with De Beers was materially more favourable than the old contract and the old price. . . . Jagersfontein has secured about similar terms as the Premier and De Beers."

Of the scope of the Diamond Control Bill few details need be given. If it has assisted in settling these contracts to the satisfaction of the Government it has probably served all the purposes which the Government expects, or even wishes, of it at present. It is an enabling Bill, all the terms being permissive, and the Minister in moving the second reading was careful to say, "The whole object of the Bill is not to carry out everything that is stated in it, but to have a sword of Damocles hanging over combinations and combines like the syndicate." That statement is at least reassuring, in view of the nature of the provisions.

Broadly, the Bill in Section I provides that the Government may fix, in June and December of each year, the maximum value of diamonds that may be sold during the ensuing six months, and the proportion of the total that may be disposed of by any one producer. Under Section II the minimum prices of the sale of diamonds of different classes may be fixed. Section IV provides for the setting up of a Union Diamond Board of three members, one to be chairman and business manager, the Board to be a body corporate (Section V) and to have (by Section VI) power to purchase, hold and sell diamonds; or to receive them for sale on commission, or to demand them from the producers to be sold at the producers' expense and risk. By Section IX the Minister of Finance may advance money, on such terms as he may deem fit, to enable the Board to carry out its functions. The sole right of sale and export of diamonds may be conferred upon the Board under Section XVI, and finally Section XIX provides that "Nothing contained in this Act shall apply to the sale,

South Africa

disposal or export of alluvial diamonds," except that the Board may buy from, or sell for the alluvial producers.

Such is the Bill as it passed the second reading on March 12 and proceeded to committee. By the extreme Labour members it was heralded as the end of capitalism ; by the extreme Nationalists as the end of the control of a South African industry by a London syndicate ; and by the extreme South African party supporters as an example of Bolshevik expropriation. The exclusion of the alluvial diggings from the far-reaching control contemplated renders the proposals the more obnoxious to the conference producers. The Government is particularly anxious not to aggravate the unemployment problem by any measure that might send to the relief works those small diggers who at present just contrive to eke out a livelihood. It has, however, been suggested that these small producers might be dealt with separately from the alluvial diggings in general, in which uncontrolled production is playing havoc with prices. It is a matter for interesting conjecture in what shape the Bill will leave committee ; what use will be made of it, if ever it becomes law ; and where the Minister of Finance in that event will find the working capital—estimated by various people at from three to eight million pounds—which the Board will need to borrow when it commences operations.

III. THE SOUTH WEST AFRICA MANDATE

THE German Colony of South West Africa was conquered in 1915 by the Union forces, and until the end of the war it was administered as occupied enemy territory. The peace treaty repudiated the idea of annexation of such territory, and in its place adopted the principle of administration under a mandate from the League of Nations in the interests of the inhabitants. The Union now administers the government under a Mandate of the

The South West Africa Mandate

C class, whereby the mandated territory is dealt with under the laws of the mandatory Power. South West Africa has not in any way been incorporated into the Union as the Cameroons was incorporated into Nigeria or Togoland into the Gold Coast. Parliament vested the executive and legislative power of the mandated territory in the Governor-General with certain reservations as to trading concessions and alienation of Native lands ; this power has been delegated to a resident Administrator.

The area of South West Africa is 322,000 square miles, or about three-quarters of the area of the Union. A strip of sandy desert from 25 to 40 miles wide runs along the coast, while on the east the country merges into the Kalahari Desert. In the north Ovamboland is far from all European settlement, and is still in a primitive tribal state. These three areas take up about half of the whole territory, the rest is within the "Police Zone," and effectively administered through 17 district magistrates who have both administrative and judicial functions. The country is sparsely inhabited, and the rainfall light and precarious ; there is no permanent stream from the Orange River on the southern boundary to the Kunene on the northern border. The breeding of cattle and sheep is the only possible pursuit except where a small patch of land can be put under irrigation. There is also a considerable production of diamonds and copper, as well as a lesser production of tin, vanadium and marble.

In 1914 the white population amounted to some 15,000 souls, but after the war all troops and officials were repatriated, together with those who did not wish to live under the new regime and undesirables. About 10,000 German settlers have been left in the country ; and the white population has been supplemented by new officials and settlers, amounting to about the same number. The native population outnumbers the whites by more than ten to one, numbering 208,000 at the census of 1921. But half of them live in the northern territories of Ovambo-

South Africa

land, which are not suitable for white settlement and remain under tribal government. Within the "Police Zone" native lands amount to more than 7,000,000 acres, mostly proclaimed as native reserves, and more areas are to be so proclaimed as soon as an adequate water supply can be assured by boring operations. No figures are available to show the numbers of natives living in the reserves. In the towns the municipal authorities have power to regulate natives and to set apart locations for them to live in, these powers being similar to the powers of municipalities in the Union. The Administrator has complete responsibility for the government of the territory, but may take advice from a nominated advisory council. One member of this council is an official who represents native interests; the others represent in equal numbers the German settlers and the newer immigrants.

Before the war there had been a complete system of municipal and district councils; the Governor had, however, power to order or to veto any action. These councils were abolished during the war. Nominated municipal councils were set up in 1920, and two years later the law was amended to allow half of the councillors to be elected. The new municipal councils derive their revenue from a rate levied on the capital value of immovable property, as is done in the Union, and not as under the German administration by a supplementary income tax. District councils have not yet been re-established, though a draft proclamation has been circulated for criticism.

Sweeping changes have been made in the law, both substantive and adjective. The Roman-Dutch law as it existed in the Cape in 1920 has been proclaimed the common law of the country; this includes Cape legislation amending the common law. German law, however, where it is not inconsistent with this system, remains in force, for instance, as regards mining titles. The High Court which was set up in 1920 follows the law of procedure and evidence in force at the Cape at that date. There is no

The South West Africa Mandate

trial by jury, but in criminal cases the judge sits with two magistrates or barristers. An appeal lies from the Court to the Appellate Division of the Union, the procedure being the same as that for appeals from Rhodesia, which is also outside the Union. The inferior courts are based on the Magistrates' Courts Act of the Union, while remote districts have courts of Special Justices of the Peace as in the Union. The Union Statute Law of Insolvency, Registration of Deeds, Land Settlement and Administration of Estates has been proclaimed in the territory.

A demand has now arisen among the white population for a greater measure of self-government, with or without incorporation in the Union. General Hertzog received a number of deputations on this subject when he toured through the country soon after becoming Prime Minister. An essential preliminary to autonomy is some settlement of the question of nationality which was left unsettled by the peace treaty. The mandatory system is not annexation, therefore the inhabitants of the mandated territory do not become subjects of the mandatory Power. The territory not having any sovereignty, the inhabitants cannot be subjects of the land they live in. They therefore remain subjects of their country of origin, but in terms of the Mandate they cannot be treated as aliens in the mandated territory. The matter is complicated by immigrants from the mandatory and other countries having no status as aliens or permanent residents. This difficulty was solved by an agreement between General Smuts and the German Government in 1923. By this agreement the Union Parliament was to enact a measure providing that all German nationals resident in the mandated territory should become British subjects unless they exercised an option to retain German nationality. The agreement went on to provide for the education of children through the medium of German, and the use of German as an official language. Further, ex-German subjects and their children were not to be called on to serve in military

South Africa

operations against the Reich for 30 years. The Smuts Government fell before the Bill could be passed, but their successors proceeded with the same measure. The Bill was not a party measure, and was passed without a division. In moving the second reading, the Prime Minister said :

I have no doubt that eventually South West Africa will be an integral part of the Union. But I feel this : when that is brought about it must be with the full and free consent of the people. Whether we shall succeed in that will, of course, depend very much on how we are going to govern that country and how we are going to allow that country to govern itself. . . . They ought to be asked to advise us how far they are prepared to-day to assume self-government. . . . and we ought to see how far they are in a position to assume self-government. As soon as that has been done I hope that a Bill will be drafted to be laid before Parliament, and I hope that will be done next session.

The question of entrusting to 20,000 very scattered white people the control of a country three-quarters of the size of the Union and containing ten times that number of natives is one of the gravest importance. The League of Nations appears to have no power in regard to the administration of mandates except that of debating on the report of the mandatory Power. The self-government referred to by General Hertzog is, of course, purely a white man government. There would undoubtedly be justifiable comment if this step were taken without consultation with the Mandates Commission and the insertion of constitutional safeguards for the subject majority of the population. Moreover, the question arises of how responsible government as we know it could be carried on subject to the Mandate. The mandatory Power is responsible for the interests of the native population ; this responsibility would have to be enforced by a veto on legislation which is contrary to present-day practice. Moreover, there is always the risk that administrative measures may lead to an insurrection as has been shown twice within the last five years in the case of the Bondelzwarts, and more lately

The South West Africa Mandate

the Rehoboths. The mandatory of an autonomous province could exercise no control over the executive except by advice which might be ignored. Therefore it seems probable that something less than full self-government will have to be given. One possibility is that extensive reservations in the powers of the Legislature will be provided for, and that the Administrator will retain considerable executive powers. This would probably lead to constitutional conflicts. An alternative possibility is the grant of responsible government to the area within the "Police Zone," but excluding the Native Reserves and Ovamboland for administration under the Native Affairs department as is now done in the Transkei districts of the Cape.

South Africa.

April 17, 1925.

NOTE.

The following paragraph appeared in *The Times* of May 14:

CAPE TOWN, May 13.—The following are stated to be the essential features of the preliminary draft of the new Constitution for South-West Africa :—

The territory will be governed by a body of eight members, one of whom will be the administrator. Three members will be nominated, one being a public servant representing the Department of Native Affairs, while the other four will be elected by the Legislative Assembly, but will not necessarily be members of that body. This Assembly will consist of 18 members, six being nominated by the Union Government and the others elected by the registered voters.

The territory will be divided into 12 constituencies, containing as far as may be equal numbers of voters. The Assembly will regulate its own procedure, and estimates will be submitted affording members an opportunity for discussing all questions of public importance, including those on which the Assembly is not empowered to legislate, which are reserved for treatment by the central authority. These reserved subjects are native affairs, railways, public service,

South Africa

mines, posts and telegraphs, justice, immigration, defence, the currency, and Customs. Moreover, the Government reserves to itself for three years the subjects of settlement, education, police, land banks, and the militia. Reserved subjects can from time to time be delegated by the central Government to the Assembly. If those subjects which are reserved for three years only are not voluntarily delegated by the Government to the Assembly at the expiration of that term, a vote of at least two-thirds of the members of the Assembly may demand their transference.

German will be recognised as a language in the Assembly as well as in the Courts.

This draft Constitution is to remain in force without amendment for three years, after which the Government may introduce alterations at the request of at least two-thirds of the Assembly. The clause permanently reserving the subjects mentioned for Government control will, however, remain in force as long as the Constitution itself stands.—*Reuter*.

NEW ZEALAND

I. INDUSTRIAL UNREST

A DOMINION award affecting the New Zealand Watersiders' Federation and its affiliated unions was filed with the Registrar of Awards in Wellington on December 2. The two interesting features of the award are that the basic wage has been increased by a halfpenny an hour beyond the amount fixed by the award which expired in April 1923, and that the Arbitration Court has added a new preference clause. The reasons given by the majority of the Court—Mr. Justice Frazer, President, and Mr. W. Scott, employers' representative—for their assessment of the basic wage concluded as follows :—

On the principle adopted by Mr. Justice Higgins, of the Australian Commonwealth Court of Arbitration, we have taken 35·64 hours at the general cargo rate of 2s. 2d. per hour, in order to ascertain a basic weekly rate. This omits the overtime rate from the calculation of the weekly rate, even though most of the overtime is not true overtime ; that is, it is time worked outside certain specified hours, instead of time worked in excess of 44 hours weekly. On this basis the average is £3 17s. 2d. per week, which is brought up to £4 9s. 8d. by the addition of overtime and special cargo rates. This compares favourably with the general labourer, who, on the minimum rate of 1s. 9d. per hour, earns £3 17s. in 44 hours. As already mentioned, the Court in 1922 arrived at the basic rate of 2s. 2d. per hour by adding 25 per cent. to the then current general labourers' minimum rate of 1s. 8½d. per hour. That rate has since been increased to 1s. 9d. per hour, and we have now increased the watersiders' basic rate to 2s. 2½d. per hour.

New Zealand

The pith of the dissent expressed on this point by Mr. Hiram Hunter, the workers' representative, was contained in the following paragraph :

After making due allowance on the wages returns submitted by the parties, I am of opinion that on the average the waterside workers who regularly follow the industry for a livelihood are employed 32 hours per week, and it would require an hourly rate of at least 2s. 5*4*d. per hour to enable them to earn the basic wage. In arriving at this estimate I have taken the basis laid down by His Honour Mr. Justice Higgins in fixing the rates of pay for the waterside workers employed in Australian ports.

Of greater intrinsic interest was the change in the basis of preference introduced for the purpose of reducing the proportion of casual labour on the waterfront and assuring unionists longer hours and better wages. On this point the finding of the Court was unanimous.

The most important change we have made in the award (says the Court's memorandum) is in the preference clause. The Court has always maintained the policy of the open union, but it recognises that the waterfront is the place to which the unemployed of all trades gravitate. The Waterside Workers' unions, accordingly, have to carry more than their fair share of the unemployed, and the consequent increase in their membership reduces the earning capacity of the greater number of their members. We have endeavoured to decasualise waterside work as far as possible, by providing for a system of limitation of the membership of the unions, based on the labour requirements of the different ports. This will not prevent the employment of non-union labour in rush times, but it is hoped that it will diminish the number of the so-called "fringe" of men who frequent the wharves on the chance of picking up occasional jobs. This principle of limitation has been decided upon after very careful consideration, and the Court has drafted the clause in such a way as to keep the matter under its own control, and it retains full power to delete or vary the provision if it thinks it wise to do so. If, however, the clause works out in operation, as it is intended to do, the result will be to provide more constant work and larger earnings for the regular waterside worker.

Industrial Unrest

The new preference clause is an interesting experiment of which the outcome is as yet beyond prophecy, but the effect of that meagre $\frac{1}{2}$ d. was speedily manifested. As soon as the new award came into force the Waterside Workers' unions led off with a series of resolutions complaining of the insufficiency of the increase, and a heavy fire was directed by the partisans of Labour at the Arbitration Court. Irritation strikes were soon in spasmodic progress in the various ports. On March 2, when the work in Wellington was at an almost complete standstill, the employers determined to face the position boldly and the following statement was issued on their behalf by the Secretary of the New Zealand Waterside Employers' Association, Mr. W. H. G. Bennett :—

The present hold-up of waterside work at the ports of Lyttelton and Wellington has come about as follows :—

1. A new award for waterside work came into operation on December 18 last.
2. Immediately after the coming into operation of the award the newspapers throughout the Dominion contained resolutions passed by waterside unions, condemning the award and also strong criticism of the award and the Arbitration Court by union officials.
3. On February 5 direct action was resorted to, as the waterside workers at Lyttelton refused to work frozen cargo on the *Matatua* unless paid 6d. per hour above award rates. The ship was held up until February 10.
4. On February 13 the Canadian *Constructor* was held up at Timaru, the men refusing any work at award rates and asking what wages the employers were prepared to pay. This hold-up lasted only one day.
5. On February 16 the *Rotorua* was held up at Lyttelton, the men refusing to work frozen cargo at award rates.
6. The owners brought the *Rotorua* to Wellington with the object of determining whether the trouble in the South was purely local or whether concerted action was being taken by the waterside unions.
7. On February 18 there was no response to the call for labour for the *Rotorua* at Wellington. The hold-up lasted two days.
8. On February 23 the *Tairoa* was held up at Wellington for 24 hours, the men refusing to discharge general cargo.

New Zealand

9. On February 26 the *Port Auckland* was held up at Lyttelton, the men refusing to work frozen cargo.

10. On February 27 the *Waimana* was held up at Wellington, and on March 2 the *Hurunui* at New Plymouth from the same cause.

11. The Waterside Workers' Federation disclaims any knowledge of these events, therefore the employers are holding the local unions responsible.

It is obvious that the work cannot be carried out in the face of irritation strikes constantly recurring, and it has been decided that no further calls for labour will be made until the unions concerned have given a satisfactory undertaking that all vessels will be worked under the terms of the current award until its term expires.

The Watersiders' Union replied on March 3 with a voluminous and strongly worded resolution protesting against the "policy of lockout and starvation" threatened by the employers, expressing a determination to fight to the bitter end, declining to give any guarantee, denying that there had been any breach of the award, and expressing a readiness to accept employment under its terms. Taking the union at its word on the last point, the employers on March 5 made a call for labour to work the *Waimana*, the call was accepted, and the work of the port has proceeded smoothly ever since. Work was resumed in most of the other ports also, but in New Plymouth the hold-up lasted a fortnight and in Lyttelton it still continues. Even in the other ports there is no truce or understanding but only a cessation of hostilities. The unrest continues, and even if no complications arise with the bitter struggle proceeding in Australia there is no assurance of peace.

The system of working the State collieries by co-operative contracts which had been working well for about five months in a section of the Liverpool mine, and had recently been extended to another section of the same mine, and also to a section of the James mine, has been the subject of another labour trouble. Under this system contracts have been let to co-operative parties of miners which have enabled them to make a substantial addition to their earn-

Industrial Unrest

ings over and above the wages prescribed by the industrial agreement. The cultivation of the team spirit, the substitution for the "go-slow" tendency of a strong incentive to work, the elimination of disputes and "stop-work" meetings, and the development of a better feeling between the management and the men are among the advantages claimed for this system. The main objections taken to the co-operative system are that it tends to speed up the miners, and that the co-operative contractors have no say in the disposal of their product. The *Grey River Argus* (February 26), which is the only Labour daily in the Dominion, puts the case against the system as follows :

For years past every miners' organisation in the world, supported by the well-reasoned opinion of working class economists and thinkers, has condemned, lock, stock and barrel, the cut-throat system of hewing coal on the contract or piecework basis. Next to the social ownership of the means of wealth-production, abolition of the contract system is one of the main objectives of miners' organisations, and some day will undoubtedly, as sure as the sun rises in the morning, be given effect to. At the present moment a cunning attempt is being made by the Government of New Zealand, probably at the suggestion of interested employers, to utilise, if possible, the State mines for the purpose of testing the value to the employers of the so-called co-operative contract system, whereby all the workers in a given section go on the speed-up system, and produce coal at their highest possible capacity at so much per ton in the bins. In other words, the employers are interested in cheapening the cost of production at the expense to the worker of cost conditions.

On March 12 about 250 State miners "downed tools" in pursuance of the union's resolution against continuing to work unless the three co-operative contracts were terminated. About 30 of the 60 co-operators obeyed the decision of the union while the others remained at work. The strike was reported to the Hon. G. J. Anderson, the Minister of Mines, by the Secretary of the State Miners' union, in the following telegram :

Work ceased at State mines until co-operative contracts are repudiated with parties working same.

New Zealand

To this the Minister replied as follows :

In reply to your wire, notifying me that work had ceased at State mines until co-operative contracts are repudiated with parties working same, I have to inform you that this Government does not repudiate contracts into which it has entered, but always honours its contracts, and is always prepared to support those parties to the contracts who act likewise. The results already obtained under the co-operative system show clearly that the miners are obtaining greater benefits than under the old system.

"Repudiate" was certainly a very unfortunate word for the union's representative to use. The Minister is so pleased with the five months' working of the co-operative system that he would like to have the whole of the State mines working under it. A system which in five months after paying a party of twenty men the current rates of wages left them with £418 to the good has also very solid advantages from the men's standpoint. Had it been limited to the two sections of the Liverpool mine which are so isolated as to be practically separate mines, there would probably have been no trouble, but the extension to a section not similarly isolated caused invidious comparisons and friction which gave the agitators their chance. The union has carried its point, and the co-operators have been released from their contracts.

II. NEW ZEALAND AND THE LEAGUE OF NATIONS

IT is two years and a half since the attitude of New Zealand to the League of Nations was discussed in *THE ROUND TABLE*, and the reason for the long interval is that there has been next to nothing to record. What was stated in the New Zealand article in December, 1922,* could be repeated to-day without any material change.

* *THE ROUND TABLE*, No. 49, December 1922, pages 230, 233.

New Zealand and the League of Nations

Ministers have not only made no attempt to educate the public mind on the work of the League, but have almost completely ignored the subject. . . The intelligent and active support which the League requires is not yet forthcoming from New Zealand because our people have not been taught to feel that the work is any affair of theirs. It is to be hoped that our Ministers will not allow their misgivings on an incidental point, or any other reason, to prevent them from helping in the work of education by putting the objects and ideals of the League clearly and sympathetically before the people on whose behalf Mr. Massey signed the Covenant.

The incidental point on which the Government had misgivings was the effect of the Dominions' individual membership of the League upon their status in the Empire. Replying to the complaint that the League was not being adequately supported, the Hon. W. Downie Stewart, then Minister of Internal Affairs and now Minister of Customs, said that the apparent hesitation and lukewarmness of the Government was the result of their doubts on this point, and that they preferred the procedure at the Washington Conference under which the Empire was represented as a whole and New Zealand's representative was a member of the British Empire delegation. This doctrine was approved by the Government and by the House of Representatives when on Mr. Massey's motion Sir John Salmond's masterly exposition of it in his Report on the Washington Conference was adopted without dissent. Beyond question the joint Empire delegation which worked so efficiently at Washington is far more in accordance with New Zealand's ideas of team work and Imperial unity than the piecemeal representation and "half-faced fellowship" of Versailles and Geneva which other Dominions prefer.

But it is clear that though Mr. Downie Stewart's argument might have justified the Government in deciding against the continuance of New Zealand's separate representation on the League, it afforded no excuse for a half-hearted adhesion. Towards the end of the same year the return of Sir Francis Bell, K.C., from Geneva, full of

New Zealand

enthusiasm for what he had seen and heard at the Third Assembly of the League, encouraged the hope of a more satisfactory attitude on the part of the Government. As Attorney-General, Leader of the Legislative Council, and, when Mr. Massey is away, Acting-Premier, Sir Francis Bell's position in the Cabinet is second to that of Mr. Massey alone, and on all legal, constitutional and international issues his authority stands easily first. Add to this that his imperialism is as ardent as Mr. Massey's, and it will be seen that the enthusiasm which he brought with him from Geneva seemed to complete an almost ideal equipment for inspiring his colleagues and the public with a more adequate appreciation both of the value of the League and of the obligations of membership than they had yet shown. Disposed both by temperament and by training to caution and scepticism, Sir Francis Bell had exchanged the critical reserve with which he had regarded the League from a distance for a reasoned appreciation of the institution that he saw in actual operation and of the work it was turning out. Addressing the New Zealand Club at Wellington immediately after his return (December 14, 1922), he said :

The impression that exists that the League of Nations as now constituted is a body of persons who meet to discuss the regeneration of the human race and utter pious platitudes is entirely erroneous. What first strikes any person who attends the Assembly is the quality of the men who are sent there to represent their countries. Prime Ministers of many countries are members. Other countries are represented by leading statesmen. . . . The result is that all manner of questions arising between nations are settled amicably by the meeting of such men, and especially by the discussions which take place in the six great committees to which the Assembly refers matters of important detail. . . .

. . . No diplomatic process has ever been made to obtain the results that are almost daily obtained at the meetings of the Assembly of the League of Nations at Geneva—of settlement of differences of boundaries, of money claims, which, but for the League, would quite possibly result in war.

The Geneva Protocol

There was more of interest and inspiration in this than in all the previous Ministerial utterances on the subject put together. Mr. Massey had put the negative side of the problem very plainly when he said that if the League was going to weaken the Imperial connection he would be against having anything to do with it. A statement which exactly suited the Imperial sentiment of the country was called for more than once by the pacifists and pacifist arguments that were too closely associated with the propaganda of the League of Nations Union at its headquarters in Wellington. But the constructive and sympathetic side of the case was virgin soil, so far as the Government was concerned, when Sir Francis Bell announced his conversion. He put the Government right for the first time on the great issue, and by accepting the Presidency of the New Zealand branch of the League of Nations Union he to a very large extent redeemed that organisation from the suspicion of pacifism. But it can hardly be said that the Government has "stayed put," and neither the Government nor the Union has during the last two years contributed anything material to the education of the country in its relations to the League.

III. THE GENEVA PROTOCOL.

DURING the last six months when in the outlawsry of war the League of Nations has had in hand as great and beneficent an enterprise as was ever attempted by mortal man, the lack of guidance has been particularly deplorable. "What," asked the *Evening Post* on January 30, "has been the attitude of the people, the Parliament and the Government of New Zealand to this momentous issue?" and it proceeded to answer its own question as follows:—

The attitude of the people has been one of ignorant and complacent indifference. Speaking broadly, nobody knows any-

New Zealand

thing about the Geneva Protocol and nobody cares. If New Zealand was still a struggling little colony run from Downing Street, protected by an invincible Navy, and completely unconscious of any external risks or responsibilities, the general apathy could not be more profound. Parliament is in this respect a faithful reflection of the popular mind and gives it no lead whatever. Parliament was in session during the whole period of the Fifth Assembly and for more than a month afterwards. Yet we cannot remember that, with all the energy it was able to devote to innumerable petty cares, it was able to spare a consecutive half-hour for the discussion of the most momentous of world problems which was known to be awaiting the decision of this country among others.

While Parliament was in session, the Government remained silent. Since Parliament rose the matter has assumed a much more urgent importance because, after getting the Council of the League to postpone consideration of the question from its meeting on December 8, in order that the Dominions might be consulted, the British Government has since been endeavouring to consult them. The request and purpose of the British Government were publicly announced as long ago as November 20. What has our Government done since then to inform public opinion, to guide public opinion, or to prepare the people for the decision to which it is perhaps already committing them in secret negotiations? While not sharing Mr. Holland, M.P.'s opinion regarding a referendum, we entirely agree with him in deplored this policy of secrecy which neglects the opportunities of mutual enlightenment and education afforded by public discussion, and may ultimately commit the country to something on which even the most informal process of consultation has not taken place.

The surmise of the *Post* has proved correct. The ironical prophecy underlying the remark which it had previously made (December 23), *à propos* of Mr. Amery's proposed Protocol Conference, that "it would indeed be quite in accordance with precedent if the Dominion first knew its own opinions on this momentous question when it heard them proclaimed by its representative at the Conference," has been fulfilled. The Dominion first learned how it stood on the Protocol from the cabled reports of Mr. Austen Chamberlain's address to the Council of the League of Nations at Geneva which appeared in our newspapers

The Geneva Protocol

on March 13 and 14. When Mr. Chamberlain said that we were against the Protocol we knew that it must be so, but our minds were a complete blank on the subject until he let the cat out of the bag. It is, however, only our conclusion that he has disclosed to us. We do not yet know the reasoning by which we arrived at it, but on that point also we may be enlightened if our Government ventures to comply with Mr. Chamberlain's request for permission to make the disclosure complete. "Open covenants of peace, openly arrived at," "making the world safe for democracy," "a League not of Governments but of Nations"—how strange these phrases are made to look by the stony silence of our Government during the six months when the Geneva Protocol was under discussion, and by its ultimate committal of the country to a decision of which the rest of the world knew before we knew ourselves.

In fairness to the Government one special reason for its reticence with regard both to the Geneva Protocol and to the problem of consultation must be mentioned. It was towards the congested close of an exceptionally strenuous and anxious session, with Mr. Massey's health severely taxed by the strain, when the draft Protocol was approved by the Assembly of the League at Geneva. And during the few months since the session which have brought the Protocol issue to a head Mr. Massey's illness has kept him off the platform and very much restricted his attention to business.* Had his disability been complete, a deputy leader would doubtless have been appointed, but as it is the leadership has been to a very large extent in abeyance. Nobody could have stated more lucidly or more cogently than Sir Francis Bell the grave issues raised by the Protocol and by the possibilities of a divided front, if he had been clothed with the necessary authority. But it is the Prime Minister who almost invariably acts as the spokesman of

* The regrettable news of Mr. Massey's death has reached us just as this article goes to press.—EDITOR.

New Zealand

the Government on these matters, and though Sir Francis Bell is Minister of External Affairs as well as Attorney-General, his jurisdiction in that capacity seems in practice to be limited to the trusts of the Samoa Mandate.

The difficulties revealed by the abortive attempts of two successive British Governments to convene a special Imperial Conference thus passed without a public word from our Government on the subject ; and in the absence of any present guidance it may be worth while to recall the frankest and most characteristic exposition of the Dominion's general attitude to those problems that has yet appeared. The speech in which Sir Francis Bell replied to Sir J. R. Sinclair's argument for the appointment of a New Zealand Minister to represent us in London did not attract the attention it deserved when it was addressed to the Legislative Council on February 9, 1923. But the vital parts of it are just as much in point to-day as they were two years ago and they would have had a much better hearing if they had been applied to current problems at any time during the last few months.

I ask honourable gentlemen (said Sir Francis) whether we can seriously contemplate having in London a man entitled to speak for the Government of New Zealand. You cannot have the Prime Minister there except at the Imperial Conferences. I accept the Imperial Conferences as real Conferences, and as the method, and the only method, of consultation. A Minister who would consent to leave New Zealand as a member of the Cabinet and to reside in London would, in the nature of things, probably not be a very prominent man in political life. It is certain that he would not have been away from the country a year before he would be distrusted, in the sense that he would have lost touch with the matters that would be alive around us. Whether it would be, as the Imperial Government, no doubt, think—or, at least as many members of the Imperial Government think—of advantage to be able to call to their immediate counsel a Minister from each Dominion, or not, it is certain that the Minister would never venture to speak on behalf of his Dominion without reference to the Cabinet in his own country ; or, if he did, he would speak without authority. I am confident that that would be so, and that if he spoke inconsistently with

The Geneva Protocol

the view taken of the subject by his Cabinet here he would be repudiated. We have, and each commonwealth has, in London a High Commissioner, and everything that is done in the direction of having representation other than through the High Commissioner derogates largely from the dignity and importance of that great office. The point with respect to the High Commissioner is that he is actually not authorised to speak. His duty is to refer any matters to the Government which appoints him. He is, in fact, an ambassador—an ambassador from one part of the Empire to the great capital of the Empire and to its Court. To me it is manifest that whosoever is sent to London dare not speak without reference to his Government here, and that we already have in the person of the High Commissioner a representative who can be consulted, and who can, after reference to his Government, speak for it. It is only with respect to matters of immediate urgency, for immediate urgent deliberation, that it has become of any importance at all.

Dealing with the broader aspects of the problem of consultation Sir Francis Bell affirmed the principle that in all matters relating to the Empire and its internal government we have a right not merely to be heard and consulted but to be fully heard and fully consulted.

But [he proceeded] when we consider the Empire facing a foreign country, entirely different considerations arise. England is a European Power; the Empire is a Pacific and an Asiatic Power. Doubtless in matters concerning the Pacific the authorities of the Empire who sit in London, not here, would, in the nature of things, consult us. How far there would be reason for our being consulted in respect of matters relating to Asia and the great Indian Empire I will not offer an opinion, but I will venture to say that the Empire cannot last if the Government—the King's Government—in London, faced with difficulties with a foreign Power, is called upon to hold its hand until it has ascertained the views of the Dominions. What if the views of the Dominions differed? There is one Government of the Empire in its relation to foreign affairs, and that is the Government of England. It may be—it frequently is—that those relations involve matters which directly and closely concern one or other of the Dominions. Obviously, in those cases the Dominions concerned would be informed and consulted. But take what happened when we were sitting at Geneva, and the Turks were threatening to cross the Dardanelles. It is an instance which impressed itself upon my mind

New Zealand

so strongly that I shall never forget it. It was dramatic, especially the action that Australia thought right to take at the League of Nations. Well, was England to wait until she had heard what New Zealand thought about the matter before she said to the Turks, "So far and no farther?" It was absolutely essential that the word should go directly, immediately. If there had been time for consultation, in what way, in what sense, was it worth consulting us, or Australia, or Canada? Any of us might afterwards say, "We were no party to this, and will not send any men to help." But that is a different point. . . . Let us take New Zealand: never mind Canada or Australia for the moment. The matter that concerns us is how far it is of any benefit to any one that we should be consulted; and, if we were consulted, is there any man in New Zealand who thinks that we are really fit to judge? By "we" I mean the Government. I am quite sure the Opposition would say that we are unfit. I am a member of the Government myself, and I have no sense of fitness to advise the Imperial Government in matters of foreign policy. In the long time that I have now been a member of the Government, and the lesser period that I have been its principal legal adviser, I cannot remember any instance in which we have been consulted on such matters where the answer has not been in stereotyped form: "New Zealand is content to be bound by the determination of His Majesty's Government in London." I believe I am right in saying that there has been no exception to that other than cases where an Imperial Conference was about to sit, in which case the answer has been "Can it not be delayed until the Imperial Conference has met?"

IV. CONSULTATION AND CONTRIBUTION

THOUGH the newspapers did not demur to the rejection of the Protocol, the offhand treatment which it received from the Dominions was regretted, and some sympathy was expressed with Mr. Amery on the failure of his proposed Conference. The *Evening Post* (January 6) was glad that, being disappointed with the Dominions' attitude, he had not shrunk from saying so.

One reason why so little progress is made in the government of the Empire and in adapting its machinery to the funda-

Consultation and Contribution

mental changes in its circumstances and needs is the atmosphere of unreality in which the business is conducted. . . .

The Dominions are free to criticise, but the Mother Country is not. The British Government has to listen to occasional homilies from Dominion representatives regarding the fiscal blindness of the British people, for instance, or the neglect of the Dominions' right to be consulted with reference to treaty-making or other issues of foreign policy. British statesmen, on the other hand, have not only to take it all smiling, but to refrain from retaliation, and even to ascribe to superior virtue any recognition on the part of the Dominions, however slight, that their position in the firm implies obligations as well as rights. It springs from the natural kindness and deference of age to promising youth; but, unfortunately, the Dominions take it all at its face value, and fail to see that this kind of treatment is incompatible with the manhood which they claim, and is really based upon a denial of it. The further enlargement of already swelled heads and the perpetuation of a light-hearted irresponsibility only appropriate to childhood are among the unfortunate results. We should, therefore, be thankful that a Secretary of State for the Colonies has for once abandoned the official tradition of admiration and makebelieve, and publicly expressed his disappointment with the Dominions' attitude to an important issue.

On the ultimate abandonment of the proposed Conference the *Post* wrote as follows (January 22):

It is a rather melancholy business. The Mother Country plays the Imperial game throughout, but receives scant encouragement from the Dominions, even when it is primarily their interests that she has in view. Mr. MacDonald set out to improve the machinery of consultation so that they may have a really effective voice in the partnership, but the Dominions' replies made it inadvisable to proceed. Mr. Amery proposes a Conference on the Geneva Protocol; but that also is turned down. Yet the very next time Britain is called upon at a moment's notice to take the drastic step required for the safety of us all, some Dominion will indignantly exclaim: "Why wasn't I consulted?"

Regarding the machinery of consultation, the special articles in the *Times* of February 2 to 6 have contributed something to the enlightenment of public opinion. New

New Zealand

Zealand needs, indeed, no enlightenment on the fundamental point, viz., the danger of the separate foreign policies to which some of the other Dominions seem to be heading ; and lack of ambition saves her from any temptation to aggravate that danger herself. If the Empire is to be shattered by a multiplicity of foreign policies, the number will be not six, but five, for there is not the slightest indication that New Zealand believes, or is tending to the belief, that her own diplomacy would be any improvement on that of the British Foreign Office, or that she could possibly afford to run alone. On the other hand, though the ties of interest and sentiment which unite her to the Mother Country are as strong as ever, the dislike with which these influences have inspired her for the disintegrating tendencies set in motion by the League of Nations has not induced her to devote any serious thought to the devising of an antidote. That New Zealand's heart is still in the right place will doubtless be shown when the next dramatic emergency comes along ; but in the meantime she is content to drift with the rest.

The *Times* articles, with their candid insistence on the dangers of the present position and the eminently practical nature of the remedies or palliatives suggested have done something to disturb our complacency, and they have had a good Press. The general, but tentative, approval of the writer's suggestions which is expressed by the *Dominion* of March 21, under the title "A Dangerous Drift," may be quoted as typical :

The Dominions are all agreed in claiming a very wide measure of autonomy, and some of them assert an independent right to determine for themselves issues of peace and war. It is, in fact, recognised that in foreign policy, as in other branches of affairs, co-operation is the only practicable basis for common Imperial action. Yet the States of the Empire have hardly as much as begun to construct the machinery that would give them reasonable prospects of being able to co-operate effectively in any sudden emergency arising in the domain of foreign affairs. . . .

Consultation and Contribution

One suggestion is that the British Government should no longer be represented in each Dominion by a Governor-General, "a purely constitutional figure," but by a diplomatic representative. Another proposal, one we have on a number of occasions supported, is that the Dominion High Commissioners should be given an ambassadorial status, and that their commercial functions should be transferred to other officials. These changes would connote the creation in each Dominion of the official machinery needed to keep the Government and Parliament in touch with the developments of Imperial policy. The *Times* contributor makes the interesting supplementary suggestion that the Dominions should be enabled to make more use of the worldwide and expensive machinery of the British Diplomatic Service. "Why, for instance," he asks, "should not both Canada and Australia appoint an 'official' of their own to work in the Embassies at Tokio and Peking, and keep them informed of what is going on on the other side of the Pacific Ocean ?"

As an alternative to a condition of affairs in which the countries of the Empire are making no ordered attempt to reach an understanding on foreign policy, these proposals have obvious merit. They may be open to detail objection, and admittedly their adoption would not provide a complete and rounded scheme of inter-Imperial consultation. It is as clear, however, that they would open the way to a very great improvement on the conditions at present existing—conditions in which hardly anything is being done to promote that agreement on vital aspects of foreign policy which at any time may become vital to the unity and security of the Empire.

In a leading article on "The Empire and Foreign Policy," the *Press* (Christchurch), of March 23, takes much the same view of the *Times* articles. The Dominion's dislike for any drastic changes is accurately reflected in the concluding sentences :

We in New Zealand have little liking for any of the proposals which, put forward in perfect good faith and only out of an anxious concern for the maintenance of Imperial unity, seem to over-emphasise the independence of the Dominions. But it is not New Zealand's wishes which can decide such questions. The other Dominions are much more self-conscious and, as it were, restless than New Zealand, and their desires and

New Zealand

aspirations must be provided for, and the *Times* plan, even if it be destined to rejection, is at least a definite one, and provides some solid substance for argument.

"Everyone," says the *Auckland Star* (February 7) "seems to be impressed with the urgency of the question except the statesmen whose business it is to make the first move," and these, it adds, are the statesmen not of Britain, but of the Dominions. Indeed, the only fault that the *Star* has to find with the *Times* articles is that the writer assumes Britain to be at fault, whereas "in truth, Britain has made several attempts to induce the Dominions to provide a method of consultation, but hitherto without success."

It is obvious [the *Auckland Star* proceeds] that the arrangements for consultation should develop into something more definite. We should not shrink from the contemplation of such a thing. No Dominion has such strong reasons for desiring the maintenance of the Imperial tie as New Zealand. We boast of the size of our exports per head of population. Reduced to plain language, this means that the bulk of what we produce is sold in Britain, while for many of the necessities, and even more of the luxuries of life, we are dependent on imports from Britain. The freedom of the seas is vital to us. Yet we leave the responsibility to Britain, and content ourselves with a contribution so entirely inadequate that it can only be called shabby. Consultation will inevitably lead to contribution. It is a form of insurance for which we should be as ready to pay as for insurance against other perils of the sea. If we intend at any time to be a nation, we must shoulder the responsibilities entailed thereby. We cannot indefinitely lean on Britain.

There may be some people who fancy we can remain within the Empire upon a limited liability basis, taking part in war if we feel so inclined, and standing out if we desire to do so. It is a vain dream. If Britain goes to war, we are at war likewise, unless we withdraw from the Empire. The enemy will not be willing to accept a declaration that in any particular war we have decided to stand out. There is much loose talk about the country being self-sufficing. Even if this was possible, the price would be heavy, for the standard of living for all classes would be reduced to about one-half of

Consultation and Contribution

what it is at present. We must make our choice between forming a component part of the greatest Empire the world has known, or subsiding into the humble rôle of a small nation in a remote corner of a great ocean.

"Consultation will inevitably lead to contribution." It is, indeed, to be hoped that it will; but what the Dominions seem all to be aiming at is not merely consultation, but control without any contribution at all beyond advice. And it is high time that Britain exchanged flattery for business and admiration for argument, induced the Dominions to face the facts, and told them plainly that they cannot both eat their cake and have it.

New Zealand. March 31, 1925.

middle of the 17th century.

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—



20
N. d.

